May 10, 2023

Consolidated Financial Results (Japanese Accounting Standards) for the FY2022 (Ended March 31, 2023) (English Translation)

Company name:	KAMEDA SEIKA CO., LTD.
Stock exchange:	Tokyo Stock Exchange
Stock code:	2220
URL:	www.kamedaseika.co.jp
Representative:	Masanori Takagi, President and COO
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Scheduled date of ordinary shareholder's meeting:	June 14, 2023
Scheduled date of commencement of dividend payment:	June 15, 2023
Scheduled date for filing of securities report:	June 14, 2022
Supplementary documents for financial results:	Yes
Financial results briefing:	Yes (for analysts and institutional investors)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the fiscal Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(1) Consolidated Results of Operations (Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Year ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
March 31, 2023	94,992	11.5	3,564	-26.2	5,215	-14.1	1,892	-57.2
March 31, 2022	85,163	—	4,832	-14.0	6,068	-11.9	4,419	-7.1

(Note) Comprehensive income: ¥ 3,138 million (-54.5%) for the fiscal year ended March 31, 2023
¥ 6,900 million (9.3%) for the fiscal year ended March 31, 2022

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Year ended	¥	¥	%	%	%
March 31, 2023	89.78	—	3.0	4.9	3.8
March 31, 2022	209.63	—	7.3	6.2	5.7

(Reference) Equity in earnings of affiliates: ¥ 991 million for the fiscal year ended March 31, 2023
¥ 706 million for the fiscal year ended March 31, 2022

(Note) 1. In the fiscal year ended March 31, 2023, the Company finalized the provisional accounting treatment for business combinations, and each figure for the fiscal year ended March 31, 2022 reflects the details of the finalization of the provisional accounting treatment.
2. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current consolidated fiscal year. The figures for the FY2022 ended March 31, 2023 represent figures after the application of the accounting standard, etc. Accordingly, the year-on-year percentage change in net sales is not stated.

(2) Consolidated Results of Operations

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2023	111,182	67,996	58.3	3,076.11
As of March 31, 2022	103,421	66,046	61.3	3,007.78

(Reference) Shareholder's equity: As of March 31, 2023: ¥ 64,855 million
As of March 31, 2022: ¥ 63,414 million

(Note) In the fiscal year ended March 31, 2023, the Company finalized the provisional accounting treatment for business combinations, and each figure for the fiscal year ended March 31, 2022 reflects the details of the finalization of the provisional accounting treatment.

(3) Consolidated Cash Flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of fiscal year
Year ended	¥ million	¥ million	¥ million	¥ million
March 31, 2023	8,285	-8,442	972	6,974
March 31, 2022	8,305	-9,841	1,198	5,944

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	¥	¥	¥	¥	¥	¥ million	%	%
Year ended March 31, 2022	—	15.00	—	39.00	54.00	1,138	25.8	1.9
Year ended March 31, 2023	—	15.00	—	40.00	55.00	1,159	61.3	1.8
Year ending March 31, 2024 (forecasts)	—	15.00	—	41.00	56.00		35.8	

3. Forecasts of Consolidated Financial Results for the Fiscal year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(Percentage figures for the fiscal year represent the changes from the previous year, while percentage figures for the six months' period represent the changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Six months ending September 30, 2023	46,000	-0.0	1,100	-35.0	1,700	-43.1	900	-51.8	42.69
Year ending March 31, 2024	97,500	2.6	4,500	26.2	5,800	11.2	3,300	74.3	156.52

* Notes

(1) Changes of important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

(2) Changes in accounting policies and changes or restatement of accounting estimates

(i) Changes in accounting policies caused by revision of accounting standards :Yes

(ii) Changes in accounting policies other than (i) :None

(iii) Changes in accounting estimates :None

(iv) Restatement :None

(3) Number of shares outstanding (common stock):

(i) Number of shares outstanding at end of period (including treasury stock)

As of March 31, 2023: 22,318,650 shares

As of March 31, 2022: 22,318,650 shares

(ii) Number of treasury stock at end of period

As of March 31, 2023: 1,234,981 shares

As of March 31, 2022: 1,234,971 shares

(iii) Average number of shares outstanding during the term

Year ended March 31, 2023: 21,083,670 shares

Year ended March 31, 2022: 21,083,840 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Non-Consolidated Results of Operations (Percentages show year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Year ended March 31, 2023	62,372	6.3	1,681	-48.4	3,953	-21.9	1,148	-66.6
Year ended March 31, 2022	58,664	—	3,261	-21.4	5,063	-13.7	3,434	-17.3

	Net income Per share (basic)	Net income Per share (diluted)
	¥	¥
Year ended March 31, 2023	54.47	—
Year ended March 31, 2022	162.91	—

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current consolidated fiscal year. The figures for the FY2022 ended March 31, 2023 represent figures after the application of the accounting standard, etc. Accordingly, the year-on-year percentage change in net sales is not stated.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Year ended March 31, 2023	81,630	43,361	53.1	2,056.66
Year ended March 31, 2022	75,901	43,406	57.2	2,058.77

(Reference) Shareholder’s equity: Year ended March 31, 2023: ¥ 43,361 million
Year ended March 31, 2022: ¥ 43,406 million

<Reasons for difference between non-consolidated financial results for the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023) and previous fiscal year results>

In the fiscal year ended March 31, 2023, the Company posted an extraordinary loss on provision of allowance for doubtful accounts to a consolidated subsidiary, in addition to a decrease in operating income due to higher raw material and energy costs, resulting in a difference in actual net income compared to the previous fiscal year.

* These financial results are not subject to auditing.

* Statement regarding the appropriate use of operating forecasts and special notes

(Caution concerning statements, etc. regarding the future)

The forward-looking statements such as performance forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ significantly from these forecasts due to various factors. See “1. Summary of Consolidated Operating Results etc. (4) Future Prospects” on p.5 of the Appendix for the conditions assumed in consolidated forecasts and notes on the use of consolidated forecasts.

(How to obtain supplementary explanatory materials on financial results and details of financial results briefing session)

The Company intends to hold a web conference for analysts and institutional investors on Monday, May 22, 2023. Any explanatory materials used on that day will be available on the Company's website before the session starts.

Contents of Appendix

1. Summary of Consolidated Operating Results etc.

(1) Summary of Consolidated Operating Results for the Period under Review

During the fiscal year ended March 31, 2023, the Japanese economy showed signs of a recovery in social and economic activities as the COVID-19 pandemic began to subside, although the economy still faces downside risks due to increasing global geopolitical risks. On the other hand, the outlook's prevailing uncertainty could not be dispelled due to various factors, such as persistently high raw material prices and energy costs, and rising prices associated with monetary tightening.

As for the food industry, these economic conditions became downside factors for revenue, forcing the industry into difficult steering.

Under these changes in the environment surrounding the food industry, the KAMEDA SEIKA Group has long remained committed to delivering value to customers from the perspective of "Better For You"; contribution to a healthy lifestyle through the selection, eating and enjoyment of things that are delicious and good for the body. Hence, the KAMEDA SEIKA Group will be able to achieve sustainable growth and enhance its corporate value by realizing its long-term vision of becoming a "Global Food Company." By FY2030, we aim to evolve from a "Rice cracker and snack manufacturer" to a "'Better For You' food company."

In the Medium-Term Business Plan, we are striving to realize our vision as a distinctive global corporation that stands firmly on the foundation provided by the three pillars of our Domestic Rice Cracker Business, Overseas Business, and Food Business. At the same time, we will implement structural reforms from a medium-to-long-term perspective to address changes in the business environment, such as changes in consumer behavior triggered by the COVID-19 pandemic and increasing geopolitical risks, thereby ensuring our efforts to achieve sustainable growth and enhance our corporate value.

In FY2022, we worked to establish a robust management foundation in order to respond to environmental changes, and to solve structural issues with an eye toward the future. At the same time, we aimed to achieve sustainable Group growth by creating new value through the development of products that realize "Better For You" from the customers' perspective.

In the Domestic Rice Cracker Business, product supply in the industry is returning to normal due to the resumption of sales by a company in the same business following a suspension of operations. With demand still tightening, the Company, as the industry's top manufacturer, worked to stimulate demand and achieve stable market growth through product renewals, new product introductions, and even the resumption of campaigns, while maintaining a stable supply.

Specifically, we are working to further enhance the brand value of "KAMEDA Kaki-no-Tane" and "Happy Turn," by linking the launch of new products with various promotions. In addition, we are striving to strengthen the development of "KAMEDA Tsumami Dane" and "Mugen Ebi" in order to make them the next pillars of our products. In terms of sales, we are also beginning to see the results of improved efficiency in our sales activities through focused investments in sales promotion expenses and the use of digital technology in our operations.

As a result of these initiatives, net sales of our core brands, "KAMEDA Kaki-no-Tane," "Happy Turn," "KAMEDA Tsumami Dane," "KAMEDA Magari Senbei," "Potapota Yaki," "Waza-no-KodaWari," "Soft Salad," "Mugen Ebi," "Nori Pea Pack," and "Kotsubukko" were up year-on-year. Meanwhile, "Usuyaki" and "Teshioya" were down year-on-year.

In the Overseas Business, the effect of expanding the product lineup at Mary's Gone Crackers, Inc. in North America, the expansion of cross-border transactions at Singha Kameda (Thailand) Co., Ltd. in Thailand and LYLY KAMEDA CO., LTD. in Cambodia, and THIEN HA KAMEDA, JSC. in Vietnam, which became a consolidated subsidiary in the previous fiscal year, contributed to our full-year results, together with the effect of depreciation of the yen. As a result, net sales increased year-on-year.

In the Food Business, online sales remained firm, especially among individuals due to sales of new products with special characteristics and stable demand for long-life preserved foods against the backdrop of heightened awareness regarding disaster prevention. Inquiries continued to be strong, combined with growing replacement demand for stockpiling by local governments and corporations. In addition, interests in rice flour bread, which is 28-allergen-free, have increased further in response to soaring prices of imported wheat, and we are working to increase our production capacity. Furthermore, we are working to expand our sales channels for plant origin lactic acid bacteria by differentiating ourselves from other companies in terms of functionality, and we are taking the next steps, such as by entering into a licensing agreement with Kerry Group plc (Ireland) for full-scale overseas development. As a result of these initiatives, net sales increased year-on-year.

As a result of the above, net sales totaled ¥94,992 million (up 11.5% year-on-year).

In terms of operating income, since demand in the Japanese rice cracker market remained firm, we continued to increase production in the KAMEDA SEIKA's Rice Cracker Business, and also worked to improve production efficiency by taking flexible measures such as narrowing down our products and utilizing outsourced production. However, these efforts were not enough to absorb the impact of higher raw material prices and energy costs, which significantly exceeded initial projections.

In addition, Group companies that manufacture and sell products for department stores and souvenirs increased profits, partly due to the effect of a market recovery resulting from the easing of behavioral restrictions. However, this was not sufficient to offset the decrease in profits in the KAMEDA SEIKA's Rice Cracker Business, and the Domestic Rice Cracker Business as a whole reported a decrease in operating income year-on-year.

In the KAMEDA SEIKA's Rice Cracker Business, price revisions and standardization changes have been implemented for some products since January 2023 to redefine product value, absorb costs, and stimulate demand, and sales volume has been firm since that time.

In the Overseas Business, Group companies are reviewing procurement methods and improving production efficiency in response to soaring raw material prices and transportation costs. Singha Kameda (Thailand) Co., Ltd. and LYLY KAMEDA CO., LTD. enjoyed a stable business base combined with the effect of increased revenue, and the full-year contribution from the consolidation of THIEN HA KAMEDA, JSC. was reported. As a result, operating income in the Asia region increased steadily. Meanwhile, Mary's Gone Crackers, Inc. faced a combination of unfavorable conditions, including soaring organic raw material prices, procurement difficulties, difficulties in securing human resources, and rising labor costs, resulting in a larger loss for the Overseas Business as a whole, year-on-year.

In the Food Business, profits increased year-on-year as a result of an increase in online sales of long-life preserved foods especially to individuals, as well as efforts to capture a wide range of demand, including local government and corporate stockpiling, and to develop sales channels for plant origin lactic acid bacteria.

As a result of these efforts, operating income decreased by 26.2% year-on-year to ¥3,564 million.

In terms of ordinary income, equity in earnings of affiliates increased as a result of securing stable performance through price revisions and the productivity improvement effects of TH FOODS, INC., an affiliate accounted for by the equity method. In addition, although there were temporary foreign exchange gains resulting from depreciation of the yen, the impact of the lower operating income resulted in a 14.1% year-on-year decrease in ordinary income to ¥5,215 million.

Net income attributable to owners of the parent decreased by 57.2% year-on-year to ¥1,892 million as a result of impairment losses on fixed assets, as Mary's Gone Crackers, Inc. in the U.S.A was unable to cope with a sharp deterioration in its business environment and recorded an operating loss.

Supplementary Information

(Unit: ¥ million)

	Year ended March 31, 2022 *4	Year ended March 31, 2023	〔Reference〕 YoY	
			Change	Change (%)
Net sales	85,163	94,992	9,828	11.5
Domestic Rice Cracker Business	62,971	67,703	4,732	7.5
Overseas Business *1	9,183	13,751	4,568	49.7
Food Business *2	6,309	7,065	756	12.0
Other (Freights transport etc.) *3	6,699	6,471	(227)	(3.4)
Operating income	4,832	3,564	(1,267)	(26.2)
Operating income margin	5.7%	3.8%		
Domestic Rice Cracker Business	4,624	3,449	(1,174)	(25.4)
Overseas Business *1	(309)	(589)	(280)	—
Food Business *2	181	374	192	105.8
Other (Freights transport etc.) *3	335	330	(5)	(1.5)

*1. Overseas business includes domestic import and export transactions in addition to those of overseas subsidiaries.

*2. Food business is mainly comprised of long-life preserved foods and plant origin lactic acid bacteria as well as rice flour bread and plant-based food.

*3. "Other" consists mainly of the subsidiary's logistic business.

*4. During the first quarter of the current consolidated fiscal year, the Company confirmed the provisional accounting treatment related to business combinations. Accordingly, the figures for the nine months ended December 31, 2021 reflect a significant revision of the initial amount of allocation of acquisition cost due to the confirmation of the provisional accounting treatment.

(2) Summary of Consolidated Financial Position for the Period under Review

(Assets)

Current assets stood at ¥31,266 million at the end of the consolidated fiscal year under review, an increase of ¥3,882 million from the end of the previous fiscal year. This was mainly due to increases of ¥1,401 million in "Cash and deposits," ¥474 million in "Notes, accounts receivable-trade and contract assets," ¥715 million in "Merchandise and finished goods," ¥559 million in "Raw materials and suppliers," and ¥706 million in "Other." Fixed assets stood at ¥79,915 million, an increase of ¥3,877 million from the end of the previous fiscal year. This was mainly attributable to increases of ¥1,699 million in "Buildings and structures," ¥3,799 million in "Machinery, equipment and vehicles," ¥1,040 million in "Lease assets," and ¥2,010 million in "Investment securities," which were partly offset by a ¥4,298 million decrease in "Construction in progress."

As a result, total assets stood at ¥111,182 million, an increase of ¥7,760 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities stood at ¥25,722 million at the end of the consolidated fiscal year under review, a decrease of ¥2,379 million from the end of the previous fiscal year. This was mainly due to increases of ¥717 million in "Notes and accounts payable-trade," ¥450 million in "Electronic-recording liabilities," and ¥646 million in "Other," which were partly offset by a ¥4,687 million decline in "Short-term loans payable." Long-term liabilities stood at ¥17,462 million, an increase of ¥8,190 million from the end of the previous fiscal year. This was mainly due to increases of ¥7,468 million in "Long-term loans payable" and ¥1,379 million in "Lease obligations," which were partly offset by a ¥610 million decrease in "Deferred tax liabilities."

As a result, total liabilities stood at ¥43,185 million, an increase of ¥5,810 million from the end of the previous fiscal year.

(Net assets)

Total net assets stood at ¥67,996 million at the end of the consolidated fiscal year under review, an increase of ¥1,950 million from the end of the previous fiscal year. This mainly reflected increases of ¥754 million in "Retained earnings" resulting from ¥1,892 million in "Net income attributable to owners of the parent" and ¥1,138 million in "Dividends from surplus," ¥1,694 million in "Foreign currency translation adjustments," and ¥509 million in "Non-controlling interests," which were partly offset by a ¥955 million decrease in "Remeasurements of defined benefit plans."

As a result, the equity ratio was 58.3%, down from 61.3% at the end of the previous fiscal year.

(3) Summary of Cash Flows for the Period under Review

Cash and cash equivalents ("funds") at the end of the fiscal year stood at ¥6,974 million, a year-on-year increase of ¥1,029 million.

Cash flows at the end of the consolidated fiscal year under review and factors relating to these are as follows.

(Cash Flows from Operating Activities)

Funds from operating activities totaled ¥8,285 million (decrease of ¥20 million from the previous fiscal year).

This is primarily attributable to increases and decreases in non-cash items such as depreciation and amortization and impairment losses, and changes in assets and liabilities related to operating activities, such as retirement benefits and inventories, to income before income taxes.

(Cash Flows from Investment Activities)

Funds used in investing activities totaled ¥8,442 million (decrease of ¥1,399 million in spending from the previous fiscal year).

This was mainly due to expenditure for the purchase of property, plant and equipment and purchase of investment securities.

(Cash Flows from Financing Activities)

Funds from financing activities totaled ¥972 million (decrease of ¥266 million in income from the previous fiscal year).

This was mainly attributable to a net increase (decrease) in short-term loans payable, proceeds from long-term loans payable, repayment of long-term loans payable, and cash dividends paid.

Free cash flow, which is computed by subtracting the net cash used in investing activities from the net cash provided by operating activities, was a negative balance of ¥92 million.

(Reference) Cash Flow Indicators

	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
Equity ratio (%)	61.3	61.6	62.7	61.3	58.3
Equity ratio based on market value (%)	134.5	121.5	109.4	81.0	83.3
Interest bearing debt to cash flow (annual)	1.9	1.8	1.8	2.3	2.8
Interest coverage ratio (×)	56.2	59.8	91.6	191.4	71.0

Equity ratio: Equity capital/total assets

Equity ratio based on market value: Market capitalization/total assets

Interest bearing debt to cash flow: Interest bearing debt/cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/interest payments

1. Each indicator is calculated based on consolidated financial figures.
2. Market capitalization is calculated based on the share closing price at the end of the fiscal year × total number of shares issued at the end of the fiscal year (after deducting treasury stock).
3. Cash flow from operating activities is used as cash flow. Interest bearing debt includes all liabilities for which interest is paid among the liabilities listed on the balance sheet. Also, the interest expenses paid in the consolidated statements of cash flows are used in interest payment.

(4) Future Prospects

In terms of future outlook, in Japan, a further normalization of social and economic activities is expected, including an improvement in consumer confidence due to the easing of behavioral restrictions and an increase in inbound demand due to the easing of border measures. Meanwhile, we believe that it is necessary to watch for factors that may place downward pressure on the economy, such as rising interest rates to curb inflation.

Under this environment, the KAMEDA SEIKA Group intends to be a company that paves the way for the creation of the future by providing new value to the world. In these uncertain times, we believe it is of the utmost importance to form the three pillars of our business by providing new value and creating new markets through the innovation of "rice crackers," which can be achieved only by being a leading rice cracker company, "overseas" development that conveys to the world both KAMEDA's strengths and the advantages of rice crackers, and "food" that brings joy, enrichment, health, good taste, and excitement to people's lives.

In FY2023, we will promote both the creation of business value and a restructuring of our management foundation, with the aim of shifting from a "Rice cracker and snack manufacturer" to a "'Better For You' food company," through "value creation" and "fan creation" based on "human resource creation."

The Company projects the following consolidated forecasts for FY2023: net sales of ¥97,500 million (up 2.6% year-on-year); operating income of ¥4,500 million (up 26.2% year-on-year); ordinary income of ¥5,800 million (up 11.2% year-on-year); and, net income attributable to owners of the parent of ¥3,300 million (up 74.3% year-on-year).

The assumptions for exchange rates on which the earnings forecasts are based are: 1 USD = 135.0 JPY; 1 CNY = 19.5 JPY; 1 THB = 3.9 JPY; 1 VND = 0.0055 JPY.

* Notes concerning performance forecasts

Statements regarding the future business environment and performance forecasts are based on information available to the Company at the time of their announcement and on assumptions made for planning purposes. Actual results may differ from the forecast values depending on a range of factors.

2. Basic View Concerning Choice of Accounting Standards

In its accounting standards, the KAMEDA SEIKA Group takes into consideration the comparability of financial statements among domestic companies in the same industry, and has adopted Japanese Accounting Standards.

In the future, however, the Group will consider applying International Financial Reporting Standards, while considering various circumstances such as trends regarding the application of such Standards.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(¥ million)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	6,874	*3 8,275
Notes, accounts receivable-trade and contact assets	*1 13,179	*1 13,654
Merchandise and finished goods	2,076	2,791
Work in process	766	791
Raw materials and supplies	3,314	3,874
Other	1,193	1,899
Allowance for doubtful accounts	(20)	(20)
Total current assets	27,383	31,266
Fixed assets		
Property, plant and equipment		
Buildings and structures	43,104	46,100
Accumulated depreciation	(26,615)	(27,911)
Buildings and structures, net	*3 16,489	*3 18,188
Machinery, equipment and vehicles	62,891	68,868
Accumulated depreciation	(45,416)	(47,592)
Machinery, equipment and vehicles, net	*3 17,475	21,275
Land	*3 7,269	*3 7,269
Lease assets	3,320	4,255
Accumulated depreciation	(1,337)	(1,231)
Lease assets, net	1,983	3,024
Construction in progress	5,370	1,071
Other	4,081	4,335
Accumulated depreciation	(2,940)	(3,184)
Other, net	1,140	1,151
Total property, plant and equipment	49,728	51,981
Intangible assets		
Goodwill	2,177	2,125
Lease assets	17	15
Customer assets	961	887
Trademark assets	861	795
Technology assets	534	493
Other	1,092	1,065
Total intangible assets	5,645	5,382
Investments and other assets		
Investment securities	*2 12,931	*2 14,941
Deferred tax assets	567	531
Net defined benefit assets	6,022	5,855
Other	*3 1,187	*3 1,267
Allowance for doubtful accounts	(45)	(44)
Total investments and other assets	20,664	22,551
Total noncurrent assets	76,038	79,915
Total assets	103,421	111,182

(¥ million)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,853	4,571
Electronic-recording liabilities	2,460	2,910
Short-term loans payable	*3, *4 11,721	*3, *4 7,034
Lease obligations	376	607
Income taxes payable	326	498
Provision for bonuses	1,309	1,455
Provision for directors' bonuses	122	64
Asset retirement obligations	67	67
Other	7,864	8,511
Total current liabilities	28,102	25,722
Long-term liabilities		
Long-term loans payable	*3 6,001	*3 13,470
Lease obligations	1,026	2,406
Deferred tax liabilities	1,350	740
Net defined benefit liabilities	520	539
Asset retirement obligations	271	282
Other	101	23
Total long-term liabilities	9,272	17,462
Total liabilities	37,375	43,185
Net assets		
Shareholders' equity		
Capital stock	1,946	1,946
Capital surplus	170	170
Retained earnings	58,408	59,163
Treasury stock	(1,901)	(1,901)
Total shareholders' equity	58,623	59,378
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	715	665
Deferred gains (losses) on hedges	4	1
Foreign currency translation adjustment	2,749	4,443
Remeasurements of defined benefit plans	1,321	366
Total accumulated other comprehensive income	4,791	5,477
Non-controlling interests	2,631	3,141
Total net assets	66,046	67,996
Total liabilities and net assets	103,421	111,182

(2) Consolidated Income Statement and Consolidated Comprehensive Income Statement
(Consolidated Income Statement)

(¥ million)

	Year ended March 31, 2022	Year ended March 31, 2023
Net sales	*1 85,163	*1 94,992
Cost of sales	61,286	70,458
Gross profit	23,876	24,533
Selling, general and administrative expenses	*2, *3 19,044	*2, *3 20,968
Operating income	4,832	3,564
Non-operating income		
Interest income	31	85
Dividend income	50	53
Share of profit of entities accounted for using equity method	706	991
Foreign exchange gains	380	419
Other	186	252
Total non-operating income	1,355	1,802
Non-operating expenses		
Interest expenses	52	95
Other	66	56
Total non-operating expenses	119	152
Ordinary income	6,068	5,215
Extraordinary income		
Gain on step acquisition	730	—
Subsidy income	—	*4 335
Total extraordinary income	730	335
Extraordinary losses		
Loss on disposal of noncurrent assets	*5 202	*5 394
Impairment loss	*6 446	*6 2,166
Loss on valuation of investment securities	—	89
Total extraordinary losses	648	2,649
Income before income taxes	6,149	2,901
Income taxes-current	799	845
Income taxes-deferred	853	(104)
Total income taxes	1,652	741
Net income	4,496	2,159
Net income (loss) attributable to non-controlling	77	266
Net income attributable to owners of the parent	4,419	1,892

(Consolidated Comprehensive Income Statement)

(¥ million)

	Year ended March 31, 2022	Year ended March 31, 2023
Net income	4,496	2,159
Other comprehensive income		
Valuation difference on available-for-sale securities	(19)	(49)
Deferred gains (losses) on hedges	4	(2)
Foreign currency translation adjustment	593	1,044
Remeasurements of defined benefit plans	814	(955)
Share of other comprehensive income of associates accounted for using equity method	1,009	942
Other comprehensive income	*1 2,403	*1 979
Comprehensive income	6,900	3,138
(Breakdown)		
Comprehensive income attributable to owners of the parent	6,723	2,579
Comprehensive income attributable to non-controlling interests	177	559

(3) Consolidated Statement of Changes in Shareholders' Equity

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

(¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2021	1,946	170	55,514	(1,900)	55,730
Cumulative effect of the changes in accounting policies			(407)		(407)
Opening balances reflected the changes in accounting policies	1,946	170	55,106	(1,900)	55,322
Changes during the period					
Dividends from surplus			(1,117)		(1,117)
Net income attributable to owners of the parent			4,419		4,419
Purchase of treasury stock				(1)	(1)
Change in items other than shareholders' equity (net)					
Total changes during the period	—	—	3,302	(1)	3,301
As of March 31, 2022	1,946	170	58,408	(1,901)	58,623

	Comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasure -ments of defined benefit plans	Total comprehensive income		
As of April 1, 2021	734	—	1,245	507	2,487	1,678	59,895
Cumulative effect of the changes in accounting policies							(407)
Opening balances reflected the changes in accounting policies	734	—	1,245	507	2,487	1,678	59,488
Changes during the period							
Dividends from surplus							(1,117)
Net income attributable to owners of the parent							4,419
Purchase of treasury stock							(1)
Change in items other than shareholders' equity (net)	(19)	4	1,503	814	2,303	953	3,257
Total changes during the period	(19)	4	1,503	814	2,303	953	6,558
As of March 31, 2022	715	4	2,749	1,321	4,791	2,631	66,046

Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)

(¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2022	1,946	170	58,408	(1,901)	58,623
Changes during the period					
Dividends from surplus			(1,138)		(1,138)
Net income attributable to owners of the parent			1,892		1,892
Purchase of treasury stock				(0)	(0)
Change in items other than shareholders' equity (net)					
Total changes during the period	—	—	754	(0)	754
As of March 31, 2023	1,946	170	59,163	(1,901)	59,378

	Comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasure -ments of defined benefit plans	Total comprehensive income		
As of April 1, 2022	715	4	2,749	1,321	4,791	2,631	66,046
Changes during the period							
Dividends from surplus							(1,138)
Net income attributable to owners of the parent							1,892
Purchase of treasury stock							(0)
Change in items other than shareholders' equity (net)	(49)	(2)	1,694	(955)	686	509	1,195
Total changes during the Period	(49)	(2)	1,694	(955)	686	509	1,950
As of March 31, 2023	665	1	4,443	366	5,477	3,141	67,996

(4) Consolidated Cash Flow Statement

(¥ million)

	Year ended March 31, 2022	Year ended March 31, 2023
Cash flows from operating activities		
Income before income taxes	6,149	2,901
Depreciation and amortization	5,063	5,992
Impairment loss	446	2,166
Amortization of goodwill	121	168
Net gain (loss) on step acquisition	(730)	—
Increase (decrease) in bonus provisions	(109)	144
Increase (decrease) in provision for directors' bonuses	(13)	(58)
Increase (decrease) in provision for loss on closing of plants	(41)	—
Increase (decrease) in net defined benefit liability	(10)	14
Decrease (increase) in net defined benefit asset	(1,278)	(1,209)
Interest and dividend income	(82)	(139)
Interest expenses	52	95
Equity in losses (earnings) of affiliates	(706)	(991)
Loss (gain) on foreign exchange	—	(447)
Loss (gain) on disposal of noncurrent assets	202	394
Subsidy income	—	(335)
Loss (gain) on valuation of investment securities	—	89
Decrease (increase) in notes and accounts receivable-trade	(1,055)	(304)
Decrease (increase) in inventories	335	(1,147)
Increase (decrease) in notes and accounts payable-trade	6	1,123
Decrease (increase) in other assets	5	(888)
Increase (decrease) in other liabilities	268	817
Increase (decrease) in accrued consumption taxes	140	(121)
Other	156	(20)
Subtotal	8,923	8,173
Interest and dividend income received	1,203	636
Interest expenses paid	(43)	(116)
Income taxes paid	(1,778)	(408)
Net cash provided by operating activities	8,305	8,285

(¥ million)

	Year ended March 31, 2022	Year ended March 31, 2023
Cash flows from investing activities		
Decrease (increase) in time deposits	(38)	(319)
Purchase of property, plant and equipment	(8,168)	(7,252)
Proceeds from sales of property, plant and equipment	12	5
Payments for retirement of property, plant and equipment	(89)	(98)
Purchase of investment securities	(117)	(734)
Proceeds from sales of investment securities	2	0
Purchase of intangible assets and investments	(284)	(401)
Proceeds from sales of intangible assets and investments, etc.	20	25
Subsidies received	—	335
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (1,179)	—
Other	—	(1)
Net cash used in investing activities	(9,841)	(8,442)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,120	(5,238)
Proceeds from long-term loans payable	—	10,000
Repayment of long-term loans payable	(2,445)	(2,262)
Repayments of lease obligations	(359)	(339)
Purchase of treasury stock	(1)	(0)
Cash dividends paid	(1,116)	(1,137)
Dividends paid to non-controlling interests	—	(49)
Net cash used in financing activities	1,198	972
Effect of exchange rate changes on cash and cash equivalents	(223)	214
Net increase (decrease) in cash and cash equivalents	(560)	1,029
Cash and cash equivalents, beginning of term	6,505	5,944
Cash and cash equivalents, end of term	*1 5,944	*1 6,974

(5) Notes to the Consolidated Financial Statements

(Notes to the Assumption of a Going Concern)

Not applicable.

(Important Notes on the Basis of Preparation of the Financial Statements)

1. Scope of consolidation

Number of consolidated subsidiaries: 18

Names of consolidated subsidiaries:

Ajicul Co., Ltd.
Toyosu Co., Ltd.
Nisshin Seika Co., Ltd.
Mary's Gone Crackers, Inc.
KAMEDA USA, INC.
THAI KAMEDA CO., LTD.
Singha Kameda (Thailand) Co., Ltd.
Singha Kameda Trading (Thailand) Co., Ltd.
Qingdao Kameda Foods Co., Ltd.
LYLY KAMEDA CO., LTD.
THIEN HA KAMEDA, JSC.
Onisi Foods Co., Ltd.
Maisen Co., Ltd.
Maisen Fine Foods Co., Ltd.
TAINAI Co., Ltd.
Niigata Yuso Co., Ltd.
Kameda Transport Co., Ltd.
N. A. S. Co., Ltd.

2. Scope of the Use of Equity Accounting

(1)Number of affiliates accounted for by the equity method: 3

Names of affiliated companies:

MASUYA CO., Ltd.
TH FOODS, INC.
Daawat KAMEDA (India) Private Limited

MASUYA Co., Ltd. has been included in affiliates accounted for by the equity method from the current consolidated fiscal year, as a result of the acquisition of shares.

(2)Among the affiliates accounted for by the equity method, MASUYA Co., Ltd. has a balance sheet date of September 30. In preparing the consolidated financial statements, we use financial statements prepared by provisional settlement of accounts as of the consolidated balance sheet date. All other affiliates accounted for by the equity method have the same balance sheet date as the consolidated balance sheet date.

3. Matters related to the fiscal year, etc. of consolidated subsidiaries

Among the consolidated subsidiaries, Mary's Gone Crackers, Inc., KAMEDA USA, INC., Singha Kameda (Thailand) Co., Ltd., Singha Kameda Trading (Thailand) Co., Ltd., Qingdao Kameda Foods Co., Ltd. and LYLY KAMEDA CO., LTD. have a balance sheet date of December 31.

In preparing the consolidated financial statements, financial statements as of that date are used, and adjustments necessary for consolidation are made for any material transactions that occur between that date and the consolidated balance sheet date.

The balance sheet dates of the other consolidated subsidiaries are all the last day of the consolidated fiscal year.

4. Accounting Standards and Methods

(1) Valuation

(i) Securities

Available-for-sale securities

Other than stocks that do not have fair market values

Mark-to-market method (total net unrealized gains or losses after tax effect adjustments are directly recorded in shareholders' equity, and the cost of securities sold is calculated based on the moving-average method)

Stocks that do not have fair market values

Moving-average method

(ii) Inventories

(a) Finished goods, raw materials and work-in-process

These inventory items are mainly recorded at cost as determined by the periodic average method (values on the balance sheet are subject to the book value reduction method based on decreased profitability).

(b) Supplies

The value of supplies is mainly calculated using the last purchase price method (values on the balance sheet are subject to the book value reduction method based on decreased profitability).

(iii) Derivatives

Derivatives are stated using the mark-to-market method

(2) Depreciation and amortization of major depreciable assets

(i) Property, plant and equipment (excluding lease assets)

The straight-line method for depreciation is used.

Useful lives used in the computation of depreciations are listed below for the main assets.

Buildings and structures	3 to 60 years
Machinery, equipment and vehicles	4 to 20 years
Other (tools, furniture and fixtures)	3 to 15 years

(ii) Intangible fixed assets (excluding lease assets)

The straight-line method for depreciation is used.

Useful lives used in the computation of depreciations are listed below for the main assets.

Software	Period usable within the company (5 years)
Customer assets	11 to 20 years
Trademark assets	10 to 20 years
Technology assets	10 to 20 years

(iii) Lease assets

Lease assets related to non-transferrable finance lease transactions are depreciated using a useful life of the lease term by the straight-line method with zero residual value.

(3) Basis of material allowances

(i) Allowance for doubtful accounts

To prepare for possible losses on uncollectable receivables, for general receivables, an amount is provided according to the historical percentage of uncollectable. For specific receivables for which there is some concern regarding recoverability, an amount is recorded by investigating the recoverability for each individual amount.

(ii) Provision for bonuses

To prepare for the payment of employees' bonuses, an amount corresponding to the estimated amount of payments is recorded as the basis.

(iii) Provision for directors' bonuses

To prepare for the payment of directors' bonuses, an amount corresponding to the estimated amount of payments for the current consolidated fiscal year is recorded as the basis.

(4) Accounting treatment of retirement benefits

(i) Service period attribution method for projected amount of retirement benefits

In the calculation of retirement benefit liabilities, the projected amount of retirement benefits is attributed to the period until the end of the consolidated fiscal year by the salary calculation formula standard.

(ii) Treatment of actuarial gains and losses and prior service costs

Prior service costs are amortized by the straight-line method over a fixed period (10 years) that is shorter than the average remaining years of service of employees at the time that they are incurred.

Actuarial gains and losses are amortized by the straight-line method over a period (10 years) that is shorter than the average remaining years of service of employees in proportional amounts in the consolidated fiscal year following the year in which the gains or losses are realized.

(iii) Accounting treatment of actuarial gains and losses and prior service costs that are yet to be recognized

Actuarial gains and losses and prior service costs that are yet to be recognized are recorded as remeasurement of defined benefit plans of accumulated comprehensive income under net assets after adjusting for tax effects.

(5) Basis of material revenue and expenses

In the Group's major businesses related to revenue from contracts with customers, the details of major performance obligations, as well as the normal point in time when such performance obligations are satisfied (i.e., the normal point in time when revenue is recognized) are as follows.

Sales of merchandise and finished goods

The Group's businesses are primarily engaged in the manufacture and sales of rice crackers, long-life preserved foods, allergen-free food products, and other products. In domestic sales, performance obligations are deemed to have been satisfied at the time of delivery of merchandise or finished goods, when they are inspected by customers, and the legal ownership, physical possession, and significant risks and economic value associated with ownership of the goods are transferred to the customers. Accordingly, the Company recognizes revenue at the time when such goods are delivered to the customers. However, with respect to certain sales transactions in Japan, the Company recognizes revenue at the time of shipment, if the period from the time of shipment to the time when control of the goods is transferred to the customers is a normal period. In export sales, the Company recognizes revenue at the time when significant risks and economic value associated with ownership of the goods are transferred to customers, based on the terms of contracts with the customers, and performance obligations are satisfied.

The transaction price is measured as the amount determined by deducting the price, which takes into account discounts, rebates, and returns, etc., from the consideration promised in the contract with the customer. The Company estimates variable consideration, including variable discounts, rebates, and returns based on reasonably available information including past results and forecasts.

Regarding transactions involving certain products in the Food Business in which the Group acts as an agent in providing the products to customers, the Company recognizes revenue at the net amount after deducting the amount to be paid to suppliers from the amount to be received from customers.

The promised consideration is generally collected within six months from the time performance obligations are satisfied, and the amount of consideration contains no significant financing component.

(6) Standard for conversion of main foreign currency-denominated assets and liabilities into Japanese yen

Foreign currency-denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date and treated as translation gains and losses. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot exchange rate on the balance sheet date, while revenue and expenses are translated at the average exchange rate during the reporting period, and translation gains and losses are recorded as foreign currency translation adjustments under net assets and included in non-controlling interests in the equity component.

(7) Principal accounting methods for hedge transactions

(i) Hedge accounting methods

The deferred hedge method is used. Forward exchange contracts which meet the criteria of the allocation method are accounted for by the allocation method.

(ii) Hedge methods and hedge targets

Hedge method	Forward exchange contracts
Hedge targets	Scheduled transactions denominated in foreign currencies

(iii) Hedge policy

The Company carries out hedge transactions to hedge against the risk of fluctuations in foreign currency, in conformity with its internal rules.

(iv) Methods for evaluating the effectiveness of hedges

The effectiveness of the hedge is judged by comparing the cumulative total of the market fluctuations or the cash flow fluctuations for the hedge target and that of the market fluctuations or the cash flow fluctuations for the hedge method.

(8) Amortization method and period for goodwill

Goodwill is amortized over a period of 14 to 20 years by the straight-line method.

(9) Scope of cash in consolidated cash flow statement

Cash on hand, deposits that can be withdrawn on demand and short-term investments that will mature in three months or less that can be easily converted into cash with little risk of a change in value.

(Changes in Accounting Policies)

(Application of Financial Accounting Standards Board Accounting Standards Codification (ASC) 842, Leases)

The Company's foreign affiliates accounted for under U.S. GAAP have applied ASC 842, Leases from the beginning of the first quarter of the current consolidated fiscal year. Accordingly, all leases under lease transactions as a lessee are recorded as assets and liabilities on the balance sheet, in principle. In applying ASC 842, the cumulative effect of applying the accounting standard is recognized at the date of initial application, in accordance with permitted transitional measures.

As a result of the application of the accounting standard, "Lease assets, net," "Lease obligations" under current liabilities, and "Lease obligations" under long-term liabilities increased by ¥1,604 million, ¥240 million, and ¥1,455 million, respectively, while "Other" under long-term liabilities decreased by ¥91 million, in the consolidated balance sheet as of March 31, 2023.

The effect of this change on the consolidated income statement is immaterial.

(Changes in the Method of Presentation)

(Consolidated Income Statement)

"Commitment fee" and "Depreciation of inactive fixed assets," which were presented separately in the previous consolidated fiscal year, are included in "Other" under "Non-operating expenses" for the current consolidated fiscal year, since each amount accounted for less than 10% of total non-operating expense.

"Commitment fee" and "Depreciation of inactive fixed assets" included in "Other" under "Non-operating expenses" for the current consolidated fiscal year amounted to ¥12 million and ¥0 million, respectively.

(Notes to the Consolidated Balance Sheet)

*1 Of notes, accounts receivable-trade and contract assets, the amounts of liabilities arising from contracts with customers and contract assets are as shown below.

	Previous consolidated fiscal year (ended March 31, 2022)	Current consolidated fiscal year (ended March 31, 2023)
Notes receivable-trade	16	17
Accounts receivable-trade	13,152	13,619
Contract assets	10	17
Total	13,179	13,654

*2 The items regarding non-consolidated subsidiaries and affiliates are as shown below.

(¥ million)

	Previous consolidated fiscal year (ended March 31, 2022)	Current consolidated fiscal year (ended March 31, 2023)
Investment securities (stocks)	10,668	12,827

*3 Assets provided as collateral and collateralized loans

Assets provided as collateral are as shown below.

(¥ million)

	Previous consolidated fiscal year (ended March 31, 2022)	Current consolidated fiscal year (ended March 31, 2023)
Cash and deposits	—	70
Buildings and structures, net	325	412
Machinery, equipment and vehicles (net)	1,964	—
Land	71	71
Other under Investments and other assets (Long-term deposits)	473	546
Total	2,835	1,100

Collateralized loans are as shown below.

(¥ million)

	Previous consolidated fiscal year (ended March 31, 2022)	Current consolidated fiscal year (ended March 31, 2023)
Short-term loans payable	146	101
Long-term loans payable	251	220
Total	397	321

*4 The Kameda Seika Group has entered into a commitment line agreement (syndicate type) with five banks so that funds for operating capital can be raised efficiently. The balance of unused loans under these arrangements as of the end of the consolidated fiscal year is shown below.

(¥ million)

	Previous consolidated fiscal year (ended March 31, 2022)	Current consolidated fiscal year (ended March 31, 2023)
Commitment amount	12,500	12,500
Loan balance	9,029	4,000
Difference	3,470	8,500

(Notes to the Consolidated Income Statement)

*1 Revenue from contracts with customers

Regarding net sales, revenue from contracts with customers and revenue from other sources are not separately presented. The amount of revenue from contracts with customers is stated in “Notes (Revenue Recognition) 1. Information on disaggregation of revenue from contracts with customers” in the consolidated financial statements.

*2 The amounts of the main components of selling, general and administrative expenses are as shown below.

(¥ million)

	Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
Sales promotion expenses	666	760
Salaries and allowances	4,638	4,877
Provisions for bonuses	416	434
Provision for directors’ bonuses	121	63
Retirement benefit expenses	(7)	(127)
Storage and shipping expenses	5,279	6,158

*3 The total amount of research and development expenses included in selling, general and administrative expenses

(¥ million)

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
1,056	1,091

*4 Subsidy income

Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)

The subsidy income represents the subsidy for the project to develop exporting facilities for the food industry , granted for expansion of the plant of the Company’s domestic consolidated subsidiary, Maisen Fine Foods Co., Ltd.

*5 Loss on disposal of noncurrent assets are as shown below.

(¥ million)

	Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
Loss on sale of noncurrent assets		
Buildings and structures	0	—
Machinery, equipment and vehicles	—	0
Land	0	—
Other property, plant and equipment	0	0
Loss on retirement of noncurrent assets		
Buildings and structures	63	46
Machinery, equipment and vehicles	126	158
Other property, plant and equipment	6	3
Other intangible assets	3	183
Other investments and other assets	1	2
Total	202	394

*6 Impairment losses

The Kameda Seika Group recorded impairment losses for the following asset groups.

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

Use	Type	Location
Idle assets	Buildings and structures Machinery, equipment and vehicles Other property, plant and equipment	Niigata

With regard to assets for business use, we have placed the business of the manufacture and sale of rice crackers in the core group, and lease assets and idle assets in groups for individual property units. In addition, we have placed consolidated subsidiaries as a general rule in one unit for each company.

As a result, with regard to idle assets, their book values were reduced to their recoverable values, and the amount of that reduction was recorded as an impairment loss of ¥446 million under extraordinary loss. The breakdown is ¥0 million in buildings and structures, ¥444 million in machinery, equipment and vehicles and ¥1 million in other property, plant and equipment.

The recoverable value of idle assets was calculated from the net realizable value, taking into consideration examples of transactions, etc.

Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)

Use	Type	Location
Assets for business use	Buildings and structures Machinery, equipment and vehicles Lease assets Construction in progress Other property, plant and equipment	U.S.A.
Idle assets	Buildings and structures Machinery, equipment and vehicles Other property, plant and equipment, etc.	Niigata Kingdom of Thailand

With regard to assets for business use, we have placed the business of the manufacture and sale of rice crackers in the core group, and lease assets and idle assets in groups for individual property units. In addition, we have placed consolidated subsidiaries as a general rule in one unit for each company.

With regard to assets for business use in the U.S., our consolidated subsidiary Mary's Gone Crackers, Inc. is expected to record an operating loss due to rapid changes in the business environment, such as soaring organic raw material prices and rising wages caused by inflation, as well as delays in efforts to improve profitability. Under these circumstances, as a result of the impairment test conducted in accordance with U.S. GAAP, their fair values were lower than their book values. Accordingly, their book values were reduced to their fair values, and the amount of that reduction was recorded as an impairment loss of ¥1,840 million under extraordinary losses. The breakdown is ¥131 million in buildings and structures, ¥842 million in machinery, equipment and vehicles, ¥535 million in lease assets under property, plant and equipment, ¥324 million in construction in progress, and ¥5 million in other property, plant and equipment.

The fair value was calculated by discounting future cash flows, and the discount rate used was 3.71%.

With regard to idle assets, their book values were reduced to their recoverable values, and the amount of that reduction was recorded as an impairment loss of ¥326 million under extraordinary losses. The breakdown is ¥1 million in buildings and structures, ¥322 million in machinery, equipment and vehicles, and ¥2 million in other property, plant and equipment.

The recoverable value of idle assets was calculated from the net realizable value, taking into consideration examples of transactions, etc.

(Notes to the Consolidated Comprehensive Income Statement)

*1 Reclassification adjustment amounts related to other comprehensive income and the amount of their tax effects

(¥ million)

	Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
Valuation difference on available-for-sale securities:		
In current fiscal year	(27)	(72)
Reclassification adjustment amount	(0)	—
Before tax effect adjustment	(27)	(72)
Tax effect	7	23
Valuation difference on available-for-sale securities	(19)	(49)
Deferred gains (losses) on hedges:		
In current fiscal year	5	(3)
Tax effect	(1)	0
Deferred gains (losses) on hedges	4	(2)
Foreign currency translation adjustment:		
In current fiscal year	593	1,044
Adjustment for retirement benefits:		
In current fiscal year	1,279	(1,153)
Reclassification adjustment amount	(109)	(222)
Before tax effect adjustment	1,170	(1,376)
Tax effect	(355)	420
Adjustment for retirement benefits	814	(955)
Share of other comprehensive income of associates accounted for using equity method:		
In current fiscal year	999	942
Reclassification adjustment amount	10	—
Share of other comprehensive income of associates accounted for using equity method	1,009	942
Other comprehensive income	2,403	979

(Notes to the Consolidated Statement of Changes in Shareholder Equity)

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

1. Type and total number of shares outstanding and the type and total number of treasury stock

	Number of shares at the beginning of the consolidated fiscal year (shares)	Increase in number of shares in consolidated fiscal year (shares)	Decrease in number of shares in consolidated fiscal year (shares)	Number of shares at the end of the consolidated fiscal year (shares)
Number of shares outstanding				
Common stock	22,318,650	–	–	22,318,650
Total	22,318,650	–	–	22,318,650
Treasury stock				
Common stock (Note)	1,234,695	276	–	1,234,971
Total	1,234,695	276	–	1,234,971

(Note) The increase of 276 shares in the number of shares of common stock under treasury stock is the increase that resulted from the purchase of fractional shares.

2. Dividends

(1) Amount of dividends paid

(Resolution)	Type of stock	Total amount of dividends (¥ million)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders June 16, 2021	Common stock	801	38	March 31, 2021	June 17, 2021
Board of Directors Meeting November 1, 2021	Common stock	316	15	September 30, 2021	December 2, 2021

(2) Dividends for which the record date is in the current consolidated fiscal year and the effective date of the dividend is in the next consolidated fiscal year

(Resolution)	Type of stock	Total amount of dividends (¥ million)	Source of dividends	Dividend per share (¥)	Record date	Effective date
Annual General Meeting of Shareholders June 14, 2022	Common stock	822	Retained earnings	39	March 31, 2022	June 15, 2022

Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)

1. Type and total number of shares outstanding and the type and total number of treasury stock

	Number of shares at the beginning of the consolidated fiscal year (shares)	Increase in number of shares in consolidated fiscal year (shares)	Decrease in number of shares in consolidated fiscal year (shares)	Number of shares at the end of the consolidated fiscal year (shares)
Number of shares outstanding				
Common stock	22,318,650	–	–	22,318,650
Total	22,318,650	–	–	22,318,650
Treasury stock				
Common stock (Note)	1,234,971	10	–	1,234,981
Total	1,234,971	10	–	1,234,981

(Note) The increase of 10 shares in the number of shares of common stock under treasury stock is the increase that resulted from the purchase of fractional shares.

2. Dividends

(1) Amount of dividends paid

(Resolution)	Type of stock	Total amount of dividends (¥ million)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders June 14, 2022	Common stock	822	39	March 31, 2022	June 15, 2022
Board of Directors Meeting November 2, 2022	Common stock	316	15	September 30, 2022	December 2, 2022

(2) Dividends for which the record date is in the current consolidated fiscal year and the effective date of the dividend is in the next consolidated fiscal year

The following is to be approved.

(Resolution)	Type of stock	Total amount of dividends (¥ million)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders June 14, 2023	Common stock	843	Retained earnings	40	March 31, 2023	June 15, 2023

(Notes to the Consolidated Cash Flow Statement)

*1 Year-end balance of cash and cash equivalents and amounts of items stated in the consolidated balance sheet

	Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
Cash and deposits	6,874 ¥million	8,275 ¥million
Fixed term deposits exceeding 3 months	(929)	(1,301)
Cash and cash equivalents	5,944	6,974

*2 Details of assets and liabilities of companies that became new consolidated subsidiaries through share acquisition

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

The details of the assets and liabilities at the time of consolidation due to the consolidation of THIEN HA KAMEDA, JSC. through share acquisition, and the relationship between the cost at acquisition of the shares of these companies and the (net) payments for the purpose of acquisition of these companies are shown below.

This reflects a significant revision of the initial allocation of acquisition costs due to the finalization of the provisional accounting treatment for the business combination.

Current assets	1,107¥ million
Fixed assets	1,018
Goodwill	1,166
Current liabilities	(298)
Long-term liabilities	(243)
Foreign currency translation adjustment	(2)
Non-controlling interests	(776)
Acquisition price of shares in these companies	1,972
Valuation prior to acquisition of shares based on equity method	(291)
Gain on step acquisition	(730)
Cash and cash equivalents of these companies	(19)
Deductions: payment for (income from) acquisition of subsidiaries due to change in scope of consolidation:	931

Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)

Not applicable

(Business Combinations)

(Confirmation of the provisional accounting treatment related to business combinations)

The Company provisionally accounted for the business combination of THIEN HA KAMEDA, JSC., which was conducted on October 12, 2021, for the previous consolidated fiscal year. The provisional accounting treatment was confirmed in the current consolidated fiscal year.

In conjunction with the confirmation of the provisional accounting treatment, a significant revision of the initial amount of allocation of acquisition cost has been reflected. As the identification of identifiable assets and liabilities and the calculation of fair value as of the date of the business combination were completed, a portion of the amount recorded as goodwill has been reclassified.

As a result, the ¥1,502 million in goodwill, which was provisionally calculated, has decreased by ¥335 million to ¥1,166 million due to the confirmation of the amount of allocation of acquisition cost.

Furthermore, "Goodwill," "Other" under investments and other assets, "Retained earnings," and "Foreign currency translation adjustment" at the end of the previous fiscal year decreased by ¥356 million, ¥3 million, ¥8 million, and ¥0 million, respectively, while "Customer assets," "Trademark assets," "Technology assets," "Other" under long-term liabilities, and "Non-controlling interests" increased by ¥300 million, ¥324 million, ¥201 million, ¥141 million, and ¥333 million, respectively. In the consolidated income statement for the fiscal year ended March 31, 2022, operating income, ordinary income, and income before income taxes decreased by ¥31 million, respectively, net income decreased by ¥25 million, and net income attributable to owners of the parent decreased by ¥8 million.

(Segment Information)

1. Overview of reportable segment

The Group's reportable segments are those components of the Group for which separate financial information is available, and which are evaluated regularly by the Board of Directors in order to determine the allocation of management resources and assess operating results.

The Group is divided into business segments based on the Company's Domestic Rice Cracker Business, Overseas Business, and Food Business, and the units of consolidated subsidiaries, and these business segments are primarily composed of the Domestic Rice Cracker Business, Overseas Business, and Food Business. Accordingly, these three segments are adopted as the Company's reportable segments.

The Domestic Rice Cracker Business is engaged in the manufacture and sale of rice crackers in Japan. The Overseas Business is engaged in the manufacture and sale of rice crackers overseas. The Food Business is engaged in the manufacture and sale of long-term preserved foods, 28-allergen-free rice flour bread and plant origin lactic acid bacteria.

2. Calculation method for the amount of net sales, income (loss), assets, liabilities, and other items by reportable segment

The accounting methods for the reportable segments are, in general, the same as those described in "Important notes on the basis of preparation of the financial statements."

The segment income for each reportable segment is an amount based on operating income.

Internal sales or transfers between segments are based on prevailing market prices.

3. Information regarding the amount of net sales, income (loss), assets, liabilities, and other items by reportable segment

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

(¥ million)

	Reportable segment				Other (Note) 1	Total	Adjustment (Note) 2	The amount statedin quarterly consolidated income statement (Note) 3
	Domestic Rice Cracker	Overseas	Food	Total				
Net sales								
Revenue from contracts with customers	62,971	9,183	6,309	78,464	6,699	85,163	—	85,163
Other income	—	—	—	—	—	—	—	—
Net sales to outside customers	62,971	9,183	6,309	78,464	6,699	85,163	—	85,163
Internal sales or transfers between segments	5	1,318	43	1,367	5,686	7,053	(7,053)	—
Total	62,977	10,501	6,353	79,831	12,385	92,216	(7,053)	85,163
Segment income (loss)	4,624	(309)	181	4,496	319	4,816	16	4,832
Other								
Depreciation and amortization	3,534	732	436	4,702	361	5,063	—	5,063
Depreciation of goodwill	—	51	70	121	—	121	—	121

(Note)
1. "Other" refers to business segments not included in the reportable segments, which includes logistic business etc.
2. ¥16 million of adjustment of segment income (loss) is ¥16 million of elimination of intersegment transactions.
3. Segment income (loss) is adjusted with operating income reported on quarterly consolidated income statement.
4. The amount of segment assets has been omitted since the Company has not allocated the assets to the reportable segment.
5. In conjunction with a significant revision of the initial amount of allocation of acquisition cost as described in "Significant revision of the initial amount of allocation of acquisition cost in the comparative information" in "Business Combinations, etc.," segment information for the previous consolidated fiscal year has been presented after reflecting such revision.

Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)

(¥ million)

	Reportable segment				Others (Note) 1	Total	Adjustments (Note) 2	The amount stated in quarterly consolidated income statement (Note) 3
	Domestic Rice Cracker	Overseas	Food	Total				
Net sales								
Revenue from contracts with customers	67,703	13,751	7,065	88,520	6,471	94,992	—	94,992
Other income	—	—	—	—	—	—	—	—
Net sales to outside customers	67,703	13,751	7,065	88,520	6,471	94,992	—	94,992
Internal sales or transfers between segments	8	1,740	45	1,794	5,897	7,691	(7,691)	—
Total	67,712	15,491	7,111	90,315	12,369	102,684	(7,691)	94,992
Segment income (loss)	3,449	(589)	374	3,234	315	3,550	14	3,564
Other items								
Depreciation and amortization	4,018	1,029	498	5,546	375	5,922	—	5,922
Amortization of goodwill	—	91	77	168	—	168	—	168

(Note)
1. "Other" refers to business segments not included in the reportable segments, which includes logistic business etc.
2. ¥14 million of adjustment of segment income (loss) is ¥14 million of elimination of intersegment transactions.
3. Segment income (loss) is adjusted with operating income reported on quarterly consolidated income statement.
4. The amount of segment assets has been omitted since the Company has not allocated the assets to the reportable segment.

(Per Share Information)

	Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
Net assets per share	¥ 3,007.78	¥ 3,076.11
Net income per share	¥ 209.63	¥ 89.78

(Notes) 1. Diluted net income per share is not listed because there are no dilutive shares.

2. Net assets per share and net income per share for the previous fiscal year are calculated based on the amounts after reflecting the significant revision of the initial allocation of acquisition costs due to the finalization of the provisional accounting treatment for business combinations.

3. The basis for calculating net assets per share is shown below.

	Previous consolidated fiscal year (ended March 31, 2022)	Current consolidated fiscal year (ended March 31, 2023)
Total net assets (¥ million)	66,046	67,996
Amounts deducted from total net assets (¥ million)	2,631	3,141
(of which non-controlling interests) (¥ million)	(2,631)	(3,141)
Net assets at end of fiscal year associated with shares of common stock (¥ million)	63,414	64,855
Number of common shares at the end of the fiscal year used in the calculation of net assets per share (thousand shares)	21,083	21,083

4. The basis for calculating net income per share is shown below.

	Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
Net income attributable to owners of the parent (¥ million)	4,419	1,892
Amount not attributable to common shareholders (¥ million)	–	–
Net income attributable to owners of the parent associated with shares of common stock (¥ million)	4,419	1,892
Average number of shares during the fiscal year (thousand shares)	21,083	21,083

(Material Subsequent Events)

Not applicable.