

Financial Data Book

For the year ended March 31, 2023



CONSOLIDATED SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

Years ended March 31,	IFRS					
	Millions of yen (except per share information)					
	2023	2022	2021	2020	2019	2018
For the year						
Revenue	¥669,248	¥569,722	¥506,107	¥468,879	¥450,984	¥440,909
Cost of sales	448,170	375,219	324,350	301,599	295,823	282,837
Gross profit	221,078	194,502	181,756	167,279	155,161	158,072
Selling, general, and administrative expenses	173,823	151,518	136,590	129,485	126,283	123,722
Gain on investments accounted for using the equity method	7,998	3,656	5,435	4,543	3,966	3,569
Other income (expenses)	384	(26)	4,930	(1,085)	(3,875)	(2,743)
Operating profit	55,636	46,614	55,532	41,252	28,967	35,175
Finance income	2,313	2,568	702	1,397	2,198	1,977
Profit before income tax expenses	57,950	49,182	56,233	42,650	31,166	37,153
Income tax expenses	9,568	10,927	12,893	11,528	11,242	8,035
Profit attributable to noncontrolling interests	3,620	2,842	2,511	1,805	567	(17)
Profit attributable to owners of the parent	44,760	35,412	40,828	29,316	19,356	29,134
Comprehensive income	56,310	58,311	70,687	13,355	8,409	37,178
Per share						
Profit attributable to owners of the parent per share - primary	¥440.83	¥343.49	¥391.94	¥281.45	¥185.85	¥279.81
- diluted	438.13	341.53	389.69	279.93	184.90	278.45
Cash dividends	140.00	130.00	120.00	110.00	110.00	90.00
Equity ^{*1}	4,247.09	3,979.66	3,686.38	3,148.62	3,137.40	3,166.83
At year-end						
Working capital ^{*2}	¥81,404	¥91,664	¥68,467	¥46,103	¥17,245	¥34,287
Property, plant, and equipment, net	265,839	260,506	257,135	240,063	216,831	188,219
Total assets	708,374	683,423	663,530	576,621	557,577	528,726
Noncurrent liabilities	55,665	70,870	81,444	80,877	43,378	40,831
Equity	467,949	444,590	421,435	354,063	352,545	353,128
R&D expenses	¥11,353	¥10,127	¥7,852	¥7,549	¥9,335	¥7,777
Capital expenditures	32,718	28,309	34,032	39,742	57,602	52,007
Value and Performance Indicators						
Operating margin (%) ^{*3}	8.3	8.2	11.0	8.8	6.4	8.0
Return on assets (%) ^{*4}	6.4	5.3	6.6	5.2	3.6	5.7
Return on equity (%) ^{*5}	10.7	8.9	11.5	9.0	5.9	9.2
Inventory turnover (times) ^{*6}	8.6	8.5	8.8	9.3	9.5	9.6

Notes: 1. Equity per share (IFRS) = (Equity — noncontrolling interests) / Number of shares outstanding as of the year-end (excluding treasury share).

2. Working capital = Total current assets — Total current liabilities.

3. Operating margin (IFRS) = Operating profit / Revenue.

4. Return on assets (IFRS) = Profit attributable to owners of the parent / Average total assets.

5. Return on equity (IFRS) = Profit attributable to owners of the parent / (Average total equity — Average noncontrolling interests).

6. Inventory turnover = Cost of sales / Average total inventory.

7. Amounts presented in this summary (IFRS) are rounded down to the nearest million yen.

JGAAP *8
Millions of yen (except
per share information)

Year ended March 31,

2018

Net sales	¥516,400
Cost of sales	282,272
Gross profit	234,128
Selling, general, and administrative expenses	200,016
Operating income	34,112
Other income	3,413
Income before income taxes and noncontrolling interests	37,525
Income taxes	8,407
Net income attributable to noncontrolling interests	14
Net income attributable to owners of the parent	29,104
Comprehensive income	33,237
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Per share	
Net income attributable to owners of the parent per share - primary	¥279.52
- diluted	278.16
Cash dividends	90.00
Equity ^{*1}	3,519.36
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At year-end	
Working capital ^{*2}	¥39,354
Property, plant, and equipment, net	214,071
Total assets	568,112
Long-term liabilities	45,541
Equity ^{*3}	391,777
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R&D expenses	¥7,777
Capital expenditures	52,007
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Value and Performance Indicators	
Operating margin (%) ^{*4}	6.6
Return on assets (%) ^{*5}	5.3
Return on equity (%) ^{*6}	8.2
Inventory turnover (times) ^{*7}	9.7

Notes: 1. Equity per share (JGAAP) = (Equity — noncontrolling interests — Stock acquisition rights) / Number of shares outstanding as of the year-end (excluding treasury share).

2. Working capital = Total current assets — Total current liabilities.

3. Equity: In compliance with the Corporate Law, from fiscal 2007, the amount of equity includes the amount of noncontrolling interests.

4. Operating margin (JGAAP) = Operating income / Net sales.

5. Return on assets (JGAAP) = Net income attributable to owners of the parent / Average total assets.

6. Return on equity (JGAAP) = Net income attributable to owners of the parent / (Average total equity — Average noncontrolling interests — Average stock acquisition rights).

7. Inventory turnover = Cost of sales / Average total inventory.

8. Amounts for FY2019 presented in this summary (JGAAP) are rounded down to the nearest million yen.

1. Consolidated Statement of Financial Position

Consolidated statement of financial position

		(Millions of yen)		(Thousands of U.S. dollars)
	Notes	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Assets				
Current assets				
Cash and cash equivalents	8	102,005	87,388	654,446
Trade and other receivables	9,34	89,600	101,483	760,006
Inventories	10	47,638	57,187	428,271
Income taxes receivable		590	2,092	15,668
Other financial assets	11,34	10,271	10,770	80,659
Other current assets	12	9,520	7,240	54,224
Total current assets		259,626	266,162	1,993,277
Noncurrent assets				
Property, plant, and equipment	13	260,506	265,839	1,990,857
Goodwill and intangible assets	14	12,205	11,651	87,254
Investment property	17	7,307	7,224	54,104
Investments accounted for using the equity method	3	44,006	87,538	655,575
Other financial assets	11,34	85,107	51,022	382,101
Deferred tax assets	18	11,990	13,737	102,876
Other noncurrent assets	12	2,674	5,199	38,935
Total noncurrent assets		423,797	442,211	3,311,704
Total assets		683,423	708,374	5,304,981

		(Millions of yen)		(Thousands of U.S. dollars)
	Notes	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	19,34	123,251	140,346	1,051,048
Borrowings	20,34	13,242	12,948	96,974
Accrued income taxes		5,509	4,474	33,506
Other financial liabilities	20,34	3,450	5,007	37,498
Other current liabilities	22	22,508	21,981	164,619
Total current liabilities		167,962	184,758	1,383,647
Noncurrent liabilities				
Borrowings	20,34	31,673	23,272	174,289
Other financial liabilities	20,34	16,925	14,850	111,213
Defined benefit liabilities	23	5,177	5,092	38,138
Provisions	21	268	484	3,627
Deferred tax liabilities	18	14,347	9,418	70,534
Other noncurrent liabilities	22	2,478	2,547	19,074
Total noncurrent liabilities		70,870	55,665	416,878
Total liabilities		238,832	240,424	1,800,526
Equity				
Share capital	24	25,122	25,122	188,142
Capital surplus	24	49,862	43,585	326,408
Treasury shares	24	(11,828)	(11,431)	(85,609)
Other components of equity	24	45,221	34,003	254,650
Retained earnings	24	299,281	339,147	2,539,856
Total equity attributable to owners of the parent		407,660	430,427	3,223,448
Noncontrolling interests	36	36,930	37,522	281,006
Total equity		444,590	467,949	3,504,455
Total liabilities and equity		683,423	708,374	5,304,981

2. Consolidated Statement of Income and Comprehensive Income

Consolidated statement of income and comprehensive income

	Note	(Millions of yen)		(Thousands of U.S. dollars)
		FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Revenue	26	569,722	669,248	5,011,971
Cost of sales		375,219	448,170	3,356,326
Gross profit		194,502	221,078	1,655,644
Selling, general, and administrative expenses	27	151,518	173,823	1,301,755
Gain on investments accounted for using the equity method	7	3,656	7,998	59,898
Other income	28	1,987	2,121	15,886
Other expenses	28	2,013	1,737	13,013
Operating profit		46,614	55,636	416,662
Finance income	29	3,071	3,256	24,389
Finance costs	29	503	943	7,064
Profit before income tax expense		49,182	57,950	433,986
Income tax expense	18	10,927	9,568	71,657
Profit		38,255	48,381	362,329
Profit attributable to				
Owners of the parent		35,412	44,760	335,212
Noncontrolling interests	36	2,842	3,620	27,117
Profit		38,255	48,381	362,329
Earnings per share	32			
Basic earnings per share (yen)		343.49	440.83	3.30
Diluted earnings per share (yen)		341.53	438.13	3.28

Consolidated Statement of Comprehensive Income

	Note	(Millions of yen)		(Thousands of U.S. dollars)
		FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Profit		38,255	48,381	362,329
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Net change in equity instruments measured at FVTOCI	31	3,386	4,885	36,586
Remeasurements of defined benefit plans	31	768	2,177	16,307
Share of other comprehensive income of investments accounted for using the equity method	31	(28)	(8,238)	(61,695)
Total items that will not be reclassified to profit or loss		4,125	(1,175)	(8,801)
Items that may be reclassified to profit or loss				
Net change in debt instruments measured at FVTOCI	31	4	-	-
Cash flow hedges	31	49	(29)	(223)
Foreign currency translation differences on foreign operations	31	14,670	5,309	39,759
Share of other comprehensive income of investments accounted for using the equity method	31	1,204	3,824	28,639
Total items that may be reclassified to profit or loss		15,930	9,103	68,175
Total other comprehensive income		20,056	7,928	59,374
Comprehensive income		58,311	56,310	421,703
Comprehensive income attributable to				
Owners of the parent		52,841	51,538	385,966
Noncontrolling interests		5,470	4,771	35,736
Comprehensive income		58,311	56,310	421,703

3. Consolidated Statement of Changes in Equity

Consolidated statement of changes in equity

(Millions of yen)

	Note	Equity attributable to owners of the parent						Net change in financial instruments measured at fair value through other comprehensive income
		Share capital	Capital surplus	Treasury shares	Other components of equity			
					Stock acquisition rights to shares	Foreign currency translation differences on foreign operations	Cash flow hedges	
Balance at March 31, 2021		25,122	50,636	(6,658)	2,653	(9,642)	18	42,584
Profit		-	-	-	-	-	-	-
Other comprehensive income	31	-	-	-	-	12,041	48	3,401
Total comprehensive income		-	-	-	-	12,041	48	3,401
Acquisition of treasury shares	24	-	(23)	(14,640)	-	-	-	-
Disposal of treasury shares	24	-	12	268	(280)	-	-	-
Cancellation of treasury shares	24	-	(45)	9,201	-	-	-	-
Share-based payment transactions	33	-	-	-	256	-	-	-
Cash dividend paid	25	-	-	-	-	-	-	-
Changes in the ownership interest in subsidiary without a loss of control		-	(715)	-	-	-	-	-
Transfer from other components of equity to retained earnings		-	-	-	-	-	-	(5,641)
Other		-	(2)	-	-	-	-	-
Total transactions with owners of the parent		-	(774)	(5,170)	(24)	-	-	(5,641)
Balance at March 31, 2022		25,122	49,862	(11,828)	2,629	2,398	66	40,343
Profit		-	-	-	-	-	-	-
Other comprehensive income	31	-	-	-	-	4,257	(32)	4,883
Total comprehensive income		-	-	-	-	4,257	(32)	4,883
Acquisition of treasury shares	24	-	(17)	(9,794)	-	-	-	-
Disposal of treasury shares	24	-	0	24	(13)	-	-	-
Cancellation of treasury shares	24	-	(0)	10,166	-	-	-	-
Share-based payment transactions	33	-	115	-	317	-	-	-
Cash dividend paid	25	-	-	-	-	-	-	-
Changes in the ownership interest in subsidiary without a loss of control		-	(6,375)	-	-	-	-	-
Transfer from other components of equity to retained earnings		-	-	-	-	-	-	(24,431)
Other		-	-	-	-	-	-	-
Total transactions with owners of the parent		-	(6,277)	397	303	-	-	(24,431)
Balance at March 31, 2023		25,122	43,585	(11,431)	2,933	6,655	33	20,796

(Millions of yen)

	Note	Equity attributable to owners of the parent						Noncontrolling interests	Total
		Other components of equity			Retained earnings	Total			
		Remeasurements of defined benefit plans	Share of other comprehensive income of investments accounted for using the equity method	Total					
Balance at March 31, 2021		-	(1,395)	34,217	280,697	384,016	37,419	421,435	
Profit		-	-	-	35,412	35,412	2,842	38,255	
Other comprehensive income	31	761	1,176	17,428	-	17,428	2,628	20,056	
Total comprehensive income		761	1,176	17,428	35,412	52,841	5,470	58,311	
Acquisition of treasury shares	24	-	-	-	-	(14,664)	-	(14,664)	
Disposal of treasury shares	24	-	-	(280)	-	0	-	0	
Cancellation of treasury shares	24	-	-	-	(9,156)	-	-	-	
Share-based payment transactions	33	-	-	256	-	256	-	256	
Cash dividend paid	25	-	-	-	(13,984)	(13,984)	(4,092)	(18,077)	
Changes in the ownership interest in subsidiary without a loss of control		-	-	-	-	(715)	(1,917)	(2,632)	
Transfer from other components of equity to retained earnings		(761)	3	(6,399)	6,399	-	-	-	
Other		-	-	-	(86)	(89)	50	(38)	
Total transactions with owners of the parent		(761)	3	(6,423)	(16,828)	(29,196)	(5,959)	(35,155)	
Balance at March 31, 2022		-	(215)	45,221	299,281	407,660	36,930	444,590	
Profit		-	-	-	44,760	44,760	3,620	48,381	
Other comprehensive income (loss)	31	2,082	(4,413)	6,777	-	6,777	1,151	7,928	
Total comprehensive income (loss)		2,082	(4,413)	6,777	44,760	51,538	4,771	56,310	
Acquisition of treasury shares	24	-	-	-	-	(9,812)	-	(9,812)	
Disposal of treasury shares	24	-	-	(13)	(11)	0	-	0	
Cancellation of treasury shares	24	-	-	-	(10,166)	-	-	-	
Share-based payment transactions	33	-	-	317	-	432	-	432	
Cash dividend paid	25	-	-	-	(12,733)	(12,733)	(2,474)	(15,207)	
Changes in the ownership interest in subsidiary without a loss of control		-	-	-	-	(6,375)	(1,549)	(7,924)	
Transfer from other components of equity to retained earnings		(2,082)	8,214	(18,299)	18,299	-	-	-	
Other		-	-	-	(283)	(283)	(156)	(439)	
Total transactions with owners of the parent		(2,082)	8,214	(17,995)	(4,895)	(28,771)	(4,179)	(32,951)	
Balance at March 31, 2023		-	3,584	34,003	339,147	430,427	37,522	467,949	

(Thousands of U.S. dollars)

	Equity attributable to owners of the parent							
	Note	Share capital	Capital surplus	Treasury shares	Other components of equity			
					Stock acquisition rights to shares	Foreign currency translation differences on foreign operations	Cash flow hedges	Net change in financial instruments measured at fair value through other comprehensive income
Balance at March 31, 2022		188,142	373,420	(88,582)	19,688	(1,615)	17,960	496
Profit		-	-	-	-	-	-	-
Other comprehensive income (loss)	31	-	-	-	-	(33,055)	31,882	(244)
Total comprehensive income (loss)		-	-	-	-	(33,055)	31,882	(244)
Acquisition of treasury shares	24	-	(134)	(73,347)	-	-	-	-
Disposal of treasury shares	24	-	0	183	(98)	-	-	-
Cancellation of treasury shares	24	-	(0)	76,137	-	-	-	-
Share-based payment transactions	33	-	867	-	2,374	-	-	-
Cash dividend paid	25	-	-	-	-	-	-	-
Changes in the ownership interest in subsidiary without a loss of control		-	(47,744)	-	-	-	-	-
Transfer from other components of equity to retained earnings		-	-	-	-	61,517	-	-
Other		-	-	-	-	-	-	-
Total transactions with owners of the parent		-	(47,012)	2,973	2,276	61,517	-	-
Balance at March 31, 2023		188,142	326,408	(85,609)	21,965	26,846	49,843	252

(Thousands of U.S. dollars)

	Equity attributable to owners of the parent							
	Note	Other components of equity			Retained earnings	Total	Noncontrolling interests	Total
		Remeasurements of defined benefit plans	Share of other comprehensive income of investments accounted for using the equity method	Total				
Balance at March 31, 2022		302,133	-	338,663	2,241,306	3,052,950	276,570	3,329,520
Profit		-	-	-	335,212	335,212	27,117	362,329
Other comprehensive income	31	36,573	15,598	50,754	-	50,754	8,619	59,374
Total comprehensive income		36,573	15,598	50,754	335,212	385,966	35,736	421,703
Acquisition of treasury shares	24	-	-	-	-	(73,481)	-	(73,481)
Disposal of treasury shares	24	-	-	(98)	(82)	3	-	3
Cancellation of treasury shares	24	-	-	-	(76,136)	-	-	-
Share-based payment transactions	33	-	-	2,374	-	3,241	-	3,241
Cash dividend paid	25	-	-	-	(95,361)	(95,361)	(18,527)	(113,889)
Changes in the ownership interest in subsidiary without a loss of control		-	-	-	-	(47,744)	(11,603)	(59,348)
Transfer from other components of equity to retained earnings		(182,963)	(15,598)	(137,044)	137,044	-	-	-
Other		-	-	-	(2,125)	(2,125)	(1,168)	(3,294)
Total transactions with owners of the parent		(182,963)	(15,598)	(134,767)	(36,662)	(215,468)	(31,300)	(246,768)
Balance at March 31, 2023		155,743	-	254,650	2,539,856	3,223,448	281,006	3,504,455

4. Consolidated Statement of Cash Flows

Consolidated statement of cash flows

(Millions of yen)

(Thousands of U.S. dollars)

	Note	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Operating activities				
Profit before income tax expense		49,182	57,950	433,986
Depreciation and amortization		28,240	29,198	218,664
Impairment losses		431	177	1,332
Decrease in defined benefit liabilities		(726)	(2,610)	(19,546)
Finance income and costs		(2,263)	(2,411)	(18,062)
Gain on investments accounted for using the equity method		(3,656)	(7,998)	(59,898)
Gain on sales of fixed assets		389	278	2,083
Increase in inventories		(4,134)	(7,868)	(58,928)
Increase in trade and other receivables		(5,581)	(10,232)	(76,629)
Increase in trade and other payables		986	10,456	78,309
Other		(1,455)	6,189	46,350
Subtotal		61,413	73,129	547,660
Interest and dividends received		5,982	5,156	38,616
Interest paid		(487)	(705)	(5,285)
Income taxes paid		(15,392)	(13,158)	(98,543)
Income taxes refunded		1,420	388	2,909
Cash flows from operating activities		52,936	64,809	485,357
Investing activities				
Payments into time deposits		(6,506)	(2,733)	(20,471)
Proceeds from redemption of time deposits		4,500	2,418	18,113
Payment for purchases of property, plant, and equipment and others		(23,758)	(25,279)	(189,315)
Proceeds from sales of property, plant, and equipment and others		591	211	1,582
Payment for acquisition of intangible assets		(726)	(424)	(3,177)
Payment for purchases of investments in securities		(1,304)	(10,554)	(79,044)
Proceeds from sales and redemption of investments in securities		24,376	4,297	32,183
Payment for purchase of shares of subsidiaries resulting in change in scope of consolidation		(639)	-	-
Other		(2)	7	53
Cash flows from investing activities		(3,468)	(32,057)	(240,075)
Financing activities				
Net decrease in short-term borrowings	30	(52)	(601)	(4,507)
Proceeds from long-term borrowings	30	1,927	-	-
Repayment of long-term borrowings	30	(5,436)	(8,675)	(64,974)
Repayment of lease liabilities		(5,507)	(5,479)	(41,035)
Net increase in treasury shares		(14,664)	(9,812)	(73,481)
Cash dividends paid		(13,984)	(12,733)	(95,361)
Cash dividends paid to noncontrolling interest shareholders		(4,092)	(2,474)	(18,527)
Proceeds from payment from noncontrolling interest shareholders		178	354	2,654
Purchase of shares of subsidiaries not resulting in change in scope of consolidation		(2,817)	(8,253)	(61,813)
Other		0	0	0
Cash flows from financing activities		(44,449)	(47,676)	(357,047)
Effect of exchange rate changes on cash and cash equivalents		6,692	306	2,296
Net increase (decrease) in cash and cash equivalents		11,711	(14,617)	(109,469)
Cash and cash equivalents at the beginning of year	8	90,294	102,005	763,915
Cash and cash equivalents at the end of year	8	102,005	87,388	654,446

1. Reporting Entity

Nissin Foods Holdings Company Limited (hereinafter, the "Company") is a stock company domiciled in Japan. The addresses of its registered head office and main offices are disclosed on the Company's website (https://www.nissin.com/en_jp/).

The Company's consolidated financial statements comprise the Company and its subsidiaries (hereinafter, the "Group") and interests in the Company's associates.

Details of each business and principal activities of the Group are described in Note 7 "Segment Information."

2. Basis of Preparation

(1) Compliance with International Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Since the requirements for "Specified Company of Designated International Accounting Standards" set forth in Article 1-2 of the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" are satisfied, the Group adopted the provisions of Article 93 of the same Ordinance.

The Group's consolidated financial statements were approved by Takashi Yano, Executive Officer and Chief Financial Officer, on September 8, 2023.

(2) Basis of measurement

The Group's consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value.

(3) Functional currency and presentation currency

The Group's consolidated financial statements are presented in Japanese yen, which is also the Company's functional currency.

Amounts presented in the consolidated financial statements are rounded down to the nearest million yen and thousand dollars.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan using the exchange rate of ¥133.53 to \$1.00, the approximate rate of exchange on March 31, 2023.

The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

3. Significant changes in the scope of consolidation and equity method application

Regarding the Group's investment in Premier Foods plc, the Group acquired additional shares during the first quarter of the current consolidated fiscal year, resulting in an ownership of 22.9%. As a result, the Group has applied the equity method to its investment in the Company. Furthermore, due to the acquisition of additional shares during the second quarter of the current consolidated fiscal year, the Group's ownership has increased to 25.0%.

4. Significant Accounting Policies

(1) Basis of consolidation

The consolidated financial statements include financial statements of the Company and its subsidiaries, and interests in investments in associates.

1) Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group considers that it has control over an entity when it has exposures to variable returns arising from its involvement with the entity, or when it has rights on the returns and has the ability to affect those returns through the exercise of its power over the entity.

The acquisition date of a subsidiary is the date on which the Group obtained control of the subsidiary, and the subsidiary is included in the consolidation from the date of acquisition until the date on which the Group loses control.

In cases where the accounting policies applied by a subsidiary are different from those applied by the Group, adjustments are made to the subsidiary's financial statements, if necessary.

The fiscal year end date of some subsidiaries is different from that of the Group since it is impracticable to unify the fiscal year end date primarily due to local regulations and laws enforced in the regions where the subsidiaries are located.

In such cases, the financial figures of the subsidiaries based on provisional closing on the fiscal year end of the Company are used.

All material intragroup transactions, assets, liabilities, and unrealized gains or losses arising from intragroup transactions are eliminated in consolidation.

Comprehensive income of the subsidiaries is attributed to owners of the parent and to the noncontrolling interests even if noncontrolling interests have a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Any difference between the adjustment to the noncontrolling interests and the fair value of the consideration is recognized directly in equity attributable to owners of the parent.

If the Group loses control over a subsidiary, gains or losses derived from such loss of control of the subsidiary shall be recognized in profit or loss.

2) Associates

An associate is an entity over which the Group has significant influence.

Investments in associates are accounted for using the equity method from the date on which the Group obtained the significant influence until the date on which it ceases to have the influence.

In cases where the accounting policies applied by an associate are different from those applied by the Group, adjustments are made to the associate's financial statements, if necessary.

The fiscal year end date of the associates is different from that of the Group since it is impracticable to unify the fiscal year end date primarily due to local regulations and laws enforced in the regions where the associates are located or where the stocks of the associates are listed or due to relations with other shareholders.

(2) Business combinations

Business combinations are accounted for using the acquisition method. Consideration transferred in a business combination is measured as the sum of the acquisition-date fair value of the assets transferred in exchange for control over an acquiree, the liabilities assumed, and equity interests issued by the Company.

The identifiable assets acquired and the liabilities assumed in the acquiree are measured at their acquisition-date fair values, except:

- 1) Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, which are recognized and measured in accordance with International Accounting Standard (hereinafter, "IAS") 12 "Income Taxes," and IAS 19 "Employee Benefits," respectively.
- 2) Assets and disposal groups classified as held for sale at the acquisition date in accordance with IFRS 5 "Noncurrent Assets Held for Sale and Discontinued Operations," which are measured in accordance with IFRS 5.
- 3) Liabilities or equity instruments related to share-based payment transactions of the acquiree or share-based payment transactions of the Company entered into to replace such transactions of the acquiree, which are measured in accordance with IFRS 2 "Share-Based Payment."

The excess of the sum of the consideration transferred, the amount recognized for noncontrolling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the acquisition-date fair value of the identifiable assets acquired and liabilities assumed is recorded as goodwill in the consolidated statement of financial position.

If the excess is negative, then a gain from a bargain purchase is recognized as profit in the consolidated statement of income.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the items for which the accounting is incomplete are measured by provisional amounts.

Where new information obtained during the measurement period, which shall not exceed one year from the acquisition date, if known, would have affected measurement of the amounts recognized as of that date, the provisional amounts recognized at the acquisition date are retrospectively adjusted.

Acquisition-related costs are expensed when incurred. The Group accounts for the acquisition of additional noncontrolling interests as an equity transaction and, accordingly, it does not recognize goodwill attributable to such transactions.

(3) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions, or an approximation of the rate. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rates at the end of each reporting period.

Differences arising from the translation and settlement are recognized in profit or loss. However, exchange differences arising from translation or settlement of financial assets measured at fair value through other comprehensive income (hereinafter, "FVTOCI") and cash flow hedges are recognized in other comprehensive income.

The assets and liabilities (including goodwill recognized in acquisition and adjustment of fair values) of foreign operations are translated into Japanese yen using the exchange rates at the end of each reporting period, while income and expenses of foreign operations are translated into Japanese yen using the average exchange rate for the period, unless there was significant change in the exchange rate during the period. Differences arising from the translation are recognized in other comprehensive income.

On the disposal of the interest in a foreign operation, the cumulative amount of the foreign currency translation difference related to the foreign operation is reclassified to profit or loss in the same period.

(4) Financial instruments

1) Nonderivative financial assets

(A) Classification

The Group classifies financial assets other than derivatives into financial assets measured at amortized cost, financial assets measured at FVTOCI, and financial assets measured at fair value through profit or loss (hereinafter, "FVTPL").

(a) Financial assets measured at amortized cost

Investments in debt instruments with contractual cash flows, which are solely payments of principal and interest on the principal amount outstanding and which are held in order to collect the contractual cash flows are measured at amortized cost.

(b) Debt instruments measured at FVTOCI

Financial assets are classified as debt instruments measured at FVTOCI if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and sell the asset.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Equity instruments measured at FVTOCI

Financial assets, other than those measured at amortized cost or debt instruments at FVTOCI, whose subsequent changes in the fair value were irrevocably designated at initial recognition as measured at FVTOCI, are classified as financial assets measured at FVTOCI.

(d) Financial assets measured at FVTPL

Financial assets, other than those measured at amortized cost or FVTOCI, are classified as financial assets measured at FVTPL. Financial assets measured at FVTPL are measured at fair value at initial recognition, and transaction costs are recognized in profit or loss when incurred.

(B) Initial recognition and measurement

The Group recognizes financial assets when the Group becomes a party to the contractual provisions for the financial assets.

(C) Subsequent measurement

Financial assets are measured according to their classification after initial recognition.

(a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method. Interest incurred is included in finance income in the consolidated statement of income.

(b) Financial assets measured at FVTOCI

(b-1) Debt instruments measured at FVTOCI

Changes in the fair value of debt instruments measured at FVTOCI are recognized in other comprehensive income, except impairment gain or loss and currency exchange difference, until the instruments are derecognized.

When the asset is derecognized, the amount previously recognized in other comprehensive income is transferred to profit or loss.

(b-2) Equity instruments measured at FVTOCI

Changes in the fair value of equity instruments measured at FVTOCI are recognized in other comprehensive income. When the asset is derecognized, or its fair value declines significantly, the amount previously recognized in other comprehensive income is transferred directly to retained earnings.

Dividends from the financial assets are recognized in profit or loss.

(c) Financial assets measured at FVTPL

Financial assets measured at FVTPL are measured at fair value after initial recognition, and the changes in the fair value are recognized in

profit or loss.

(D) Derecognition

Financial assets are derecognized when the contractual rights to the cash flow expire or are transferred or when substantially all the risks and rewards of ownership are transferred. Financial assets are derecognized on the date of the sale when sold in a normal manner.

(E) Impairment loss of financial assets

The Group recognizes an allowance for doubtful accounts on expected credit loss of financial assets measured at amortized cost and debt instruments measured at FVTOCI.

(Determining significant increases in credit risks)

The Group assesses at the end of each reporting period whether the credit risks of financial instruments have significantly increased after initial recognition.

The Group determines whether the credit risk has significantly increased based on changes in the risk of a default occurring after initial recognition, and in assessing whether there is any change in the risk of default, the Group takes into account the following matters:

- Deterioration of the counterparty's financial condition
- Past due information
- Significant changes in credit ratings provided by third-party agencies

(Expected credit loss approach)

Expected credit losses are the present value of the difference between contractual cash flows the Group has a right to receive pursuant to a contract and the cash flows expected to be received by the Group.

If the credit risk on a financial asset has increased significantly after initial recognition, the Group measures the allowance for doubtful accounts for the financial asset at an amount equal to the lifetime expected credit loss.

If the credit risk has not increased significantly, the Group measures the allowance for doubtful accounts for that financial asset at an amount equal to the 12-month expected credit loss.

Notwithstanding the above, the Group measures the allowance for doubtful accounts at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

The provision for the allowance for doubtful accounts for financial assets is recognized in profit or loss.

2) Nonderivative financial liabilities

Financial liabilities are classified into financial liabilities measured at FVTPL or financial liabilities measured at amortized cost at initial recognition.

The Group recognizes financial liabilities measured at amortized cost on the issue date and other financial liabilities on the transaction date when the Group becomes a party to the contractual provisions.

The Group derecognizes financial liabilities when they are extinguished, i.e., when the obligation specified in the contract is discharged or cancelled or expires.

(A) Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL are measured at fair value at initial recognition and thereafter. The subsequent changes in fair value are recognized in profit or loss.

(B) Financial liabilities measured at amortized cost

Financial liabilities other than those measured at FVTPL are classified as financial liabilities measured at amortized cost. Financial liabilities measured at amortized cost are measured at the fair value, less transaction costs that are directly attributable to the issue of the financial liabilities at initial recognition.

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method after initial recognition, and interest incurred is included in finance costs in the consolidated statement of income.

3) Derivatives and hedge accounting

Derivatives are initially measured at fair value at the date the contract is entered into, and are subsequently remeasured at fair value at the end of each reporting period.

The Group utilizes derivatives, including forward foreign exchange contracts and interest rate swap contracts to mitigate risks, such as foreign exchange and interest rate.

If derivatives are designated as hedging instruments, the nature of the hedged item determines how gain or loss resulting from remeasurement is recognized.

The Group designates derivatives as hedging instruments of cash flow hedges (i.e., hedging exposure to changes in cash flows from recognized assets or liabilities, or specific risks related to highly probable forecasted transactions).

At the inception of hedges, the Group documents the hedging relationship between a hedging instrument and hedged item to which hedge accounting is applied and the objectives and strategies of risk management for undertaking the hedge.

When a derivative used for hedging offsets the fair value of a hedged item or changes in cash flows, the Group assesses and documents at the inception of the hedging relationship and on an ongoing basis whether the hedging relationship meets the hedge effectiveness

requirements.

The Group performs ongoing assessment of hedge effectiveness at the end of each reporting period or, if earlier, upon a significant change in circumstances affecting the hedge effectiveness requirements.

Hedges that qualify for stringent requirements for hedge accounting are accounted for as follows:

(A) Fair value hedges

Gains or losses on hedging instruments are recognized in profit or loss. Gains or losses on hedged items are recognized in profit or loss with adjusting carrying amounts of the hedged items.

(B) Cash flow hedges

The effective portion of gain or loss on hedging instruments is recognized in other comprehensive income, while the ineffective portion is recognized immediately in profit or loss.

The amounts of hedging instruments recognized in other comprehensive income are reclassified to profit or loss when the transactions of the hedged items affect profit or loss.

In cases where hedged items result in the recognition of nonmonetary assets or liabilities, the amounts recognized in other comprehensive income are accounted for as adjustments to the original carrying amount of nonmonetary assets or liabilities.

When hedged future cash flow is no longer expected to occur, any related cumulative gain or loss that has been recognized in equity as other comprehensive income is reclassified to profit or loss.

When hedged future cash flow is still expected, any related cumulative gain or loss that has been recognized in equity as other comprehensive income remains in equity until the future cash flow occurs.

4) Offsetting financial assets and financial liabilities

A financial asset and a financial liability are offset and presented as a net amount in the consolidated statement of financial position only when the Group has a legally enforceable right to set off recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5) Fair value of financial instruments

Fair value of financial instruments that are being traded in active financial markets at the end of each reporting period refers to quoted prices or dealer quotations. If there is no active market, fair value of financial instruments is determined using appropriate valuation models.

Determined fair value is classified into three levels according to observability of the inputs of valuation techniques used to measure the fair value.

Level 1 is measured at quoted prices in active markets for identical assets or liabilities.

Level 2 is the fair value of assets or liabilities other than those measured at Level 1, and is measured with inputs that are observable for the asset or liability, either directly or indirectly.

Level 3 is measured with inputs that are unobservable for the asset or liability.

6) Finance income and finance costs

Finance income mainly consists of interest income, dividend income, and derivative gain, excluding gains on hedging instruments, which are recognized in other comprehensive income. Interest income is recognized upon occurrence using the effective interest method.

Finance costs mainly consist of interest expense and derivative loss, excluding losses on hedging instruments, which are recognized in other comprehensive income.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are readily convertible into known amounts of cash and subject to insignificant risk of change in value, and due within three months from the date of acquisition.

(6) Inventories

The acquisition cost of inventories includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Inventories are measured at the lower of acquisition cost or net realizable value, and the costs are determined by primarily using the weighted-average method. Net realizable value is determined as the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

(7) Property, plant, and equipment

Property, plant, and equipment are measured by using the cost model and is stated at cost, less accumulated depreciation and accumulated impairment losses.

The acquisition cost includes any costs directly attributable to the acquisition of the asset; and dismantlement, removal, and restoration costs; as well as borrowing costs eligible for capitalization.

Except for assets that are not subject to depreciation, such as land, assets are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives of major asset items are as follows:

- Buildings and structures: 15 to 50 years
- Machinery: 10 years
- Tools and fixtures: 2 to 22 years

The estimated useful lives and depreciation method are reviewed at each fiscal year end with the effect of any changes in estimate being accounted for on a prospective basis.

Upon derecognition of property, plant, and equipment, net proceeds from disposal or sales, less the carrying amount are recognized in profit or loss.

(8) Investment property

Investment property is property held to earn rentals or for capital appreciation or both.

Investment property is measured by using the cost model for property, plant, and equipment and is stated at cost, less accumulated depreciation and accumulated impairment losses.

Except for land, assets are depreciated using the straight-line method over their estimated useful lives.

(9) Goodwill and intangible assets

1) Goodwill

Goodwill is not amortized and is stated at acquisition cost, less accumulated impairment losses. Goodwill is allocated to assets, cash-generating units, or groups of cash-generating units that are identified according to location and type of business, and tested for impairment annually or more frequently if there is any indication of impairment.

Impairment losses on goodwill are recognized in profit or loss, and no subsequent reversal is made.

2) Intangible assets

Intangible assets are measured by using the cost model and are stated at cost, less accumulated amortization and impairment losses.

Separately acquired intangible assets are measured at cost at initial recognition, and the costs of intangible assets acquired in business combinations are recognized at fair value at the acquisition date.

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives.

The estimated useful lives of major intangible assets with finite useful lives are as follows:

- Software: 5 years

- Trademark: 10 to 20 years

The estimated useful lives and amortization method of intangible assets are reviewed at each fiscal year end, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are not amortized, but they are tested for impairment annually or more frequently if there is any indication of impairment.

Expenditures on research activities to obtain new scientific or technical knowledge are recognized as expenses when they are incurred.

Expenditures on development activities are capitalized as intangible assets if, and only if, they are reliably measurable, they are technically and commercially feasible, it is highly probable that they will generate future economic benefits, and the Group intends and has adequate resources to complete their development and use or sell them.

(10) Lease

(Lessee)

Lease liabilities are initially measured at the present value of the accrued lease payments. Right-of-use assets are measured at the initial amount of the lease liabilities adjusted for any initial direct costs and any prepaid lease payments, plus any costs, including restoration obligation and other factors under lease contracts.

The lease term is determined by adjusting an estimated reasonably certain option term to the noncancelable term under the lease agreement.

Right-of-use assets are depreciated using the straight-line method over their estimated useful lives or the lease term, whichever is shorter.

Lease payments are apportioned between financial costs and the reduction of the outstanding liability using the interest method. Financial costs are recognized in the consolidated statement of income.

The Group does not recognize right-of-use assets and lease liabilities for short-term leases, with a lease term of 12 months or less and leases for which the underlying asset is of low-value assets. The Group recognizes the lease payments associated with these leases as expenses on either a straight-line basis or another systematic basis over the lease term.

(Lessor)

Lease payments under operating leases as income are recognized on a straight-line basis over the lease term. Rent income from subleased property is recognized as income.

(11) Impairment loss of nonfinancial assets

The Group assesses at the end of each fiscal year whether there is any indication that each asset, or the cash-generating unit (or the group of cash-generating units) to which the asset belongs, may be impaired.

When there is any indication of impairment, the recoverable amount of the asset is estimated. The recoverable amount of goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are estimated at the same time of every fiscal year.

The recoverable amount of an asset or cash-generating unit is measured at the higher of its fair value, less costs of disposal, or its value in use.

In determining the value in use, estimated future cash flows are discounted to the present value using pretax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset.

In determining the fair value, less costs of disposal, the Group uses an appropriate valuation model supported by available fair value indicators. Only if the recoverable amount of an asset or cash-generating unit falls below its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss recognized.

The Group assesses whether there is any indication that an impairment loss recognized for an asset other than goodwill in prior years may no longer exist or may have decreased, such as if there are any changes in assumptions used for the determination of the recoverable amount.

If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated. In cases where the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, impairment loss is reversed up to the lower of the estimated recoverable amount, or the carrying amount (net of depreciation) that would have been determined if no impairment loss had been recognized in prior years.

(12) Assets held for sale

An asset or asset group that is expected to be recovered through a sale transaction rather than through continuing use is classified as a noncurrent asset or into a disposal group held for sale when the following conditions are met:

It is highly probable that the asset or asset group will be sold within one year, the asset or asset group is available for immediate sale in its present condition, and Group management is committed to the sale plan. In such cases, the noncurrent asset is not depreciated or amortized, and is measured at the lower of its carrying amount and its fair value, less costs of disposal.

(13) Employee benefits

1) Postemployment benefits

The Group has corporate pension fund plans, employee pension fund plans, and lump-sum payment plans as defined benefit pension plans. Also, the Company and certain consolidated subsidiaries have defined contribution plans, in addition to defined benefit pension plans.

Regarding defined benefit plans, current service costs are calculated using the projected unit credit method in actuarial calculations made at the consolidated fiscal year end date, and service costs and net interest are recognized in profit or loss when incurred.

As for the discount rate, the discount period is determined based on the period until the expected date of benefit payments in each fiscal year, and the discount rate is determined by reference to market yields on high-quality corporate bonds at the end of the fiscal year corresponding to the discount period.

All of the actuarial gains/losses incurred in the period are recognized in other comprehensive income, and the cumulative amount that is recognized as other components of equity is immediately reclassified to retained earnings. Net retirement benefit liabilities are the present value of defined benefit obligations, less fair value of plan assets.

Regarding defined contribution plans, the amount of contributions by the Group is recognized as expenses at the time employees render services that give entitlement to the benefit.

2) Other employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis, and are recognized as an expense when the related services are rendered.

For bonuses, when there is a present legal or constructive obligation to make payments of bonuses and a reliable estimate of the obligation can be made, the estimated amount to be paid is accounted for as a liability.

For paid absence obligations, when there is a legal or constructive obligation with respect to accumulating paid absence systems and a reliable estimate of the obligation can be made, the estimated amount to be paid based on those systems is accounted for as a liability.

(14) Share-based payments

From the current consolidated fiscal year, the Company has introduced a framework referred to as BBT (Board Benefit Trust), which is a share-based payment plan for the directors and other executives, in order to increase motivation of directors to enhance the Group's performance and increasing corporate value over the medium to long term. The fair value of equity-settled share-based payment plan on the grant date is recognized as an expense over the vesting period, and the corresponding is recognized as an increase in capital. The fair value of cash-settled share-based payment plan is recognized as an expense over the vesting period, and the corresponding amount is recognized as an increase in liabilities. In addition, the fair value of the liabilities is remeasured at the end of the period and the settlement date, and changes in fair value are recognized as net profit or loss. With the introduction of the new share-based payment plan, the stock option plan has been discontinued except for those already granted.

(15) Provisions

Provisions are recognized if the Group has present obligations (i.e., legal or constructive obligations) as a result of past events, if it is probable that settling the obligations will require outflows of resources embodying economic benefits and if the obligations can be estimated reliably.

Where the effect of the time value of money is material, the amount of provisions is measured at the present value of the expenditures expected to be required to settle the obligations.

In calculating the present value, the Group uses the pretax discount rate reflecting current market assessments of the time value of money and the risks specific to the liability. Increases due to passage of time are recognized as finance costs.

(Asset retirement obligations)

Costs for restoring of leased property used by the Group to its original condition or removal of hazardous materials associated with the property are estimated based on historical experience and recognized as a provision for asset retirement obligations.

While these costs are expected to be incurred after more than one year, they will be affected by future business plans.

(Provision for losses on lawsuits)

For provisions for losses due to payment of compensation for damages that could arise as a result of lawsuits, the estimated loss resulting from the payment of compensation for damages is recognized if a lawsuit is filed and if it is probable that compensation for damages to an outside third party will have to be paid.

(Restructuring provisions)

Provision for restructuring is recognized at the expected amount of losses on the businesses to be restructured. The provision is recognized when there is a detailed formal plan, and implementation or announcement of such a plan creates valid expectations in other affected parties that the execution of the liquidation plan will be virtually certain.

(16) Revenue from contracts with customers

The Group recognizes revenue in the amount that reflects a consideration to which the Group expects to be entitled in exchange for the transfer of goods and services to customers, based on the following five-step approach:

Step 1: Identify the contracts with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to separate performance obligations

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group sells consumer products, including instant noodles, chilled noodles, frozen noodles, confectionery, and beverages. For sales of such products, the performance obligation is judged to have been satisfied upon delivery of the products because the customer obtains control over the products upon delivery. Therefore, the revenue is recognized upon delivery.

Revenue is measured at the consideration promised in a contract with a customer, less discounts, rebates, returned products, and other items.

(17) Government grants

Government grants are recognized at fair value when there is a reasonable assurance that the Group will comply with the conditions attached to them and receive the grants. With regard to government grants related to an acquisition of assets, the amount of grants is deducted from the acquisition cost of the assets.

(18) Income tax expenses

Income tax expenses consist of current income taxes and deferred income taxes. Income tax expenses are recognized in profit or loss, except for taxes related to business combinations and taxes related to items that are recognized directly in equity or in other comprehensive income.

1) Current income tax

Tax expenses for the period are measured at the amount of income taxes payable in respect of the taxable profit for a period. These tax amounts are calculated based on tax rates that have been enacted, or substantially enacted, at the end of the period.

2) Deferred income tax

Deferred income taxes are calculated based on the temporary differences between the tax base of assets and liabilities and the carrying amount at the end of each reporting date.

A deferred tax asset is recognized for deductible temporary differences, carryforward of unused tax losses, and tax credits that will reduce future tax obligations to the extent that it is probable that future taxable profit will be available against which they can be utilized. A deferred tax liability is recognized for all taxable temporary differences in principle.

The deferred tax asset or liability is not recognized for the following temporary differences from:

(A) Goodwill

(B) The initial recognition of assets or liabilities in transactions that are not business combinations and that at the time of transaction, affect neither accounting profit nor taxable profit or loss

The deferred tax liability for the taxable temporary differences associated with investments in subsidiaries and associates is not recognized to the extent that it is highly probable that the timing of the reversal of the temporary difference is able to be controlled, and the temporary difference will not reverse in the foreseeable future.

The deferred tax asset for the deductible temporary differences arising from investments in subsidiaries and associates is recognized to the extent that it is highly probable that the temporary difference will reverse in the foreseeable future, and there will be sufficient taxable profits against which the deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the fiscal year in which the related temporary differences will reverse based on tax rates that have been enacted or substantially enacted by the fiscal year end.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity, or income taxes are levied on different taxable entities, but these entities intend to settle the current tax assets and liabilities on a net basis or these current tax assets and liabilities

will be realized simultaneously.

The Group has adopted exceptions for the recognition and disclosure of deferred tax assets and deferred tax liabilities arising from enacted, or substantively enacted, tax laws in order to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development.

(19) Equity

1) Ordinary shares

For ordinary shares, their issue prices are recorded in share capital and share surplus. Cost (net of tax) associated with the issue of ordinary shares is deducted from share capital and capital surplus.

2) Treasury shares

When the Group acquires shares of the Company, the amount of the consideration paid, including transaction costs directly attributable to the acquisition, is deducted from equity. When the Group disposes of treasury shares, the difference between the carrying amount and the consideration received from the disposal is recognized in equity.

(20) Earnings per share

Basic earnings per share are calculated by dividing profit or loss for a period attributable to ordinary shareholders of the parent company by the weighted-average number of ordinary shares issued, adjusted by the number of treasury shares during the period.

Diluted earnings per share are calculated by adjusting the effects of dilutive potential ordinary shares.

(Changes in accounting policies)

From the current consolidated fiscal year, the Group has adopted the following revised accounting standard.

IFRS		Contents
IAS 12 (Revised)	Income taxes	The introduction of a temporary exception to the accounting and disclosure requirements for income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development

The impact of the above standards for the current consolidated fiscal year is immaterial.

5. Significant Accounting Estimates and Judgements on Estimates

In preparing the consolidated financial statements in accordance with IFRSs, management is required to apply accounting policies and make judgements, estimates, and assumptions that affect the amounts of assets, liabilities, income, and expenses.

These estimates and assumptions are reviewed continuously.

The effects of changes in estimates are recognized in the period of the change and in future periods.

Furthermore, due to uncertainties in the estimates and assumptions, such as coronavirus disease 2019 (COVID-19), significant adjustments to the carrying amount of assets or liabilities may be required in future periods.

The following are significant accounting estimates and judgements associated with estimates in the consolidated financial statements of the Group:

(A) Financial Instruments (4. Significant Accounting Policies (4) Financial Instruments, 11. Other Financial Assets and 34. Financial Instruments)

(B) Impairment Loss of Nonfinancial Assets (4. Significant Accounting Policies (11) Impairment loss of nonfinancial assets and 15. Impairment Loss of Nonfinancial Assets)

(C) Recoverability of deferred tax assets (4. Significant Accounting Policies (18) Income tax expenses and 18. Income Taxes)

(D) Accounting and valuation of provisions (4. Significant Accounting Policies (15) Provisions and 21. Provisions)

(E) Measurement of defined benefit liabilities (4. Significant Accounting Policies (13) Employee benefits and 23. Employee Benefits)

(F) Estimates of useful life and residual value of property, plant, and equipment and intangible assets (4. Significant Accounting Policies (7) Property, plant, and equipment, (9) Goodwill and Intangible Assets, 13. Property, Plant, and Equipment, and 14. Goodwill and Intangible Assets)

6. New Standards and Interpretations Not Yet Adopted

New or amended major standards and interpretations that are issued by the date of approval, but are not yet early adopted by the Group as of March 31, 2023, are as follows:

The impact of applying IAS 12 (revised) is currently under review and cannot be estimated at this time. Additionally, the effects of applying other new standards are considered to be immaterial.

IFRS		Mandatory application period	The Group's application period	Contents
IAS 12	Income taxes	January 1,2023	FY 3/2024	Disclosure of corporate income tax arising from enacted, or substantively enacted, tax laws to implement the second pillar model rules published by the Organization for Economic Cooperation and Development.

7. Segment Information

(1) Outline of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and regular evaluation by the board of directors is performed in order to make decisions about resources to be allocated and assess its performance.

In the current fiscal year, the Group has changed the method of presenting new business, which was included in the Reconciliations segment, to Others, resulting from the review of the business management classification of the Group.

Segment information for the previous consolidated fiscal year is disclosed based on the classification of reportable segments for the current consolidated fiscal year.

The Group employs a holding company system of eight operating companies in Japan and four overseas business regions as strategy platforms. The reportable segments consist of "NISSIN FOOD PRODUCTS," "MYOJO FOODS," "Chilled and frozen foods and beverages," "Confectionery," "The Americas," and "China."

The segments of "NISSIN FOOD PRODUCTS," "MYOJO FOODS," "The Americas," and "China" are mainly operating the business of manufacturing and selling cup- and bag-type noodles. The "Chilled and frozen foods and beverages" segment is operating the business of manufacturing and selling chilled and frozen foods and beverages.

The "Confectionery" segment is operating the business of manufacturing and selling confectionery.

(2) Revenues and performances of reportable segments

The accounting methods for the operating segments that are reported are generally the same as described in Note 4 "Summary of significant accounting policies."

Reportable segment profit is on an operating profit basis. Intersegment revenue and transfers are based on market prices.

Fiscal Year ended March 31, 2022 (from April 1, 2021, to March 31, 2022)

(Millions of yen)

	Reportable segments							Others (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
	NISSIN FOOD PRODUCTS	MYOJO FOODS	Chilled and frozen foods and beverages	Confectionery	The Americas	China	Subtotal				
Revenue											
Sales to external customers	210,783	37,920	80,867	69,031	87,328	55,478	541,409	28,312	569,722	-	569,722
Intersegment sales	1,461	5,244	667	206	28	1,776	9,384	35,454	44,839	(44,839)	-
Total	212,244	43,165	81,534	69,237	87,357	57,255	550,794	63,767	614,561	(44,839)	569,722
Segment profit (operating profit)	30,839	2,445	3,444	3,257	2,995	6,039	49,021	3,103	52,124	(5,510)	46,614
Finance income	-	-	-	-	-	-	-	-	-	-	3,071
Finance costs	-	-	-	-	-	-	-	-	-	-	503
Profit before tax	-	-	-	-	-	-	-	-	-	-	49,182
Other items											
Depreciation and amortization	13,761	2,197	2,386	2,742	1,198	2,614	24,901	3,313	28,215	25	28,240
Impairment losses (nonfinancial assets)	-	-	-	-	-	-	-	431	431	-	431
Gain on investments accounted for using the equity method	-	-	-	-	-	-	-	3,656	3,656	-	3,656
Capital expenditures	8,707	945	2,121	3,134	4,631	5,112	24,653	3,734	28,388	(78)	28,309

Note 1: "Others" consists of the business segments not included in reportable segments such as domestic other business, Europe, Asia and new businesses.

2: Operating profit under "Reconciliations" amounted to minus ¥5,510 million, consisting of minus ¥157 million from elimination of intersegment transactions and minus ¥5,352 million from group expenses.

3: Segment profit is adjusted to operating profit in the consolidated statement of income.

Fiscal Year ended March 31, 2023 (from April 1, 2022, to March 31, 2023)

(Millions of yen)

	Reportable segments							Others (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
	NISSIN FOOD PRODUCTS	MYOJO FOODS	Chilled and frozen foods and beverages	Confectionery	The Americas	China	Subtotal				
Revenue											
Sales to external customers	220,204	40,511	86,838	74,057	140,042	66,128	627,783	41,464	669,248	-	669,248
Intersegment sales	1,439	5,470	757	462	47	2,776	10,952	39,795	50,748	(50,748)	-
Total	221,643	45,981	87,595	74,520	140,089	68,905	638,736	81,260	719,996	(50,748)	669,248
Segment profit (operating profit)	26,795	2,373	3,890	2,768	12,483	8,421	56,733	5,332	62,065	(6,428)	55,636
Finance income	-	-	-	-	-	-	-	-	-	-	3,256
Finance costs	-	-	-	-	-	-	-	-	-	-	943
Profit before tax	-	-	-	-	-	-	-	-	-	-	57,950
Other items											
Depreciation and amortization	14,038	2,236	2,507	2,835	1,657	2,714	25,988	3,176	29,165	32	29,198
Impairment losses (nonfinancial assets)	-	-	-	-	-	177	177	-	177	-	177
Gain on investments accounted for using the equity method	-	-	-	-	-	-	-	7,998	7,998	-	7,998
Capital expenditures	12,591	1,400	2,481	1,672	6,334	4,583	29,063	3,598	32,662	(126)	32,535

(Thousands of U.S. dollars)

	Reportable segments							Others (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
	NISSIN FOOD PRODUCTS	MYOJO FOODS	Chilled and frozen foods and beverages	Confectionery	The Americas	China	Subtotal				
Revenue											
Sales to external customers	1,649,102	303,387	650,330	554,616	1,048,771	495,234	4,701,443	310,527	5,011,971	-	5,011,971
Intersegment sales	10,777	40,965	5,669	3,464	352	20,793	82,023	298,027	380,050	(380,050)	-
Total	1,659,879	344,353	655,999	558,081	1,049,124	516,027	4,783,466	608,555	5,392,022	(380,050)	5,011,971
Segment profit (operating profit)	200,672	17,776	29,133	20,736	93,489	63,066	424,874	39,933	464,808	(48,145)	416,662
Finance income	-	-	-	-	-	-	-	-	-	-	24,389
Finance costs	-	-	-	-	-	-	-	-	-	-	7,064
Profit before tax	-	-	-	-	-	-	-	-	-	-	433,986
Other items											
Depreciation and amortization	105,131	16,749	18,776	21,233	12,411	20,326	194,629	23,792	218,422	242	218,664
Impairment losses (nonfinancial assets)	-	-	-	-	-	1,332	1,332	-	1,332	-	1,332
Gain on investments accounted for using the equity method	-	-	-	-	-	-	-	59,898	59,898	-	59,898
Capital expenditures	94,300	10,485	18,584	12,522	47,438	34,327	217,658	26,947	244,606	(947)	243,659

Note 1: "Others" consist of the business segments not included in reportable segments, such as domestic other business, Europe, Asia and new businesses.

2: Operating profit under "Reconciliations" amounted to minus ¥6,428 million, consisting of minus ¥279 million from elimination of intersegment transactions and minus ¥6,149 million from group expenses.

3: Segment profit is adjusted to operating profit in the consolidated statement of income.

(3) Information by product and service
Sales to external customers

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Instant noodles and associated businesses	459,024	543,264	4,068,479
Other businesses	110,697	125,984	943,492
Total	569,722	669,248	5,011,971

Note 1: Business segments are classified, taking the type, nature, etc., of products into account.

2: Main products in each business

(1) Instant noodles and associated businesses: Bag-type noodles, cup-type noodles, chilled foods, and frozen foods

(2) Other businesses: Cup-type rice, confectionery, and beverages

(4) Geographical Information (Note 1)

Sales to external customers

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Japan	398,166	423,202	3,169,337
The Americas (Note 2)	87,334	140,049	1,048,821
Other areas	84,222	105,997	793,812
Total	569,722	669,248	5,011,971

Note 1: Revenue is based on the location of the customers, classified by country or region.

2: Major countries of the Americas are the United States and Brazil.

Noncurrent assets (Note 3)

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Japan	215,806	211,610	1,584,741
The Americas (Note 4)	23,790	30,145	225,759
Other areas	40,793	43,328	324,486
Total	280,390	285,084	2,134,987

Note 3: Noncurrent assets are based on the location of the assets and exclude financial instruments, deferred tax assets, and retirement benefit assets.

4: Major countries of the Americas are the United States and Brazil.

(5) Major customers

Major customer accounting for 10% or more of consolidated revenue for the years ended March 31, 2022 and 2023, is as follows:

	Main reportable segment	(Millions of yen)		(Thousands of U.S. dollars)
		FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Mitsubishi Shokuhin Co., Ltd.	NISSIN FOOD PRODUCTS	75,589	81,654	611,504

8. Cash and Cash Equivalents

The details of cash and cash equivalents are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Cash and deposits	102,005	87,388	654,446
Total	102,005	87,388	654,446

9. Trade and Other Receivables

The details of trade and other receivables are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Trade accounts receivable	86,343	99,337	743,935
Trade notes receivable	16	31	233
Accounts receivable - other	3,786	3,209	24,039
Allowance for doubtful accounts	(691)	(1,258)	(9,425)
Others	145	163	1,223
Total	89,600	101,483	760,006

Note 1: Trade and other receivables are presented net of allowance for doubtful accounts in the consolidated statement of financial position.

2: Trade and other receivables are classified as a financial asset measured at amortized cost.

10. Inventories

The details of inventories are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Merchandise and finished goods	20,854	26,328	197,173
Raw materials and supplies	26,783	30,858	231,097
Total	47,638	57,187	428,271

Note: There is no significant difference between the amount of inventories recognized as expense or cost and cost of sales for the fiscal years ended March 31, 2022 and 2023.

11. Other Financial Assets

(1) Other financial assets

The details of other financial assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Derivative assets	103	50	375
Equity securities	83,233	49,139	368,003
Investment trusts	3,560	3,960	29,662
Bonds	738	150	1,124
Deposits	6,388	7,123	53,346
Other	1,354	1,368	10,248
Total	95,378	61,792	462,761
Current assets	10,271	10,770	80,659
Noncurrent assets	85,107	51,022	382,101
Total	95,378	61,792	462,761

Notes: Derivative assets and investment trusts are classified as financial assets measured at FVTPL.

Equity securities and bonds are classified as financial assets measured at FVTOCI.

Deposits are classified as financial assets measured at amortized cost.

(2) Equity instruments measured at FVTOCI

The details of major equity instruments measured at FVTOCI and their fair values are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
ONO PHARMACEUTICAL CO., LTD.	9,082	8,187	61,318
ITOCHU Corporation	5,264	5,464	40,922
Mitsubishi Corporation	4,964	5,126	38,390
SAHA PATHANAPIBUL Pub. Co., Ltd.	4,147	3,978	29,797
HOUSE FOODS GROUP INC.	3,935	3,105	23,253
TAISHO PHARMACEUTICAL HOLDINGS CO., LTD.	2,578	2,505	18,763

Note 1: Equity securities are mainly held for strategic purposes, and thus designated as equity financial assets measured at FVTOCI.

2: The Group derecognizes some financial assets measured at FVTOCI by sale for reasons, including asset efficiency and changes in business relationships.

(3) The fair value at the date of sale and cumulative gains or losses on sales of equity instruments sold during the year are as follows:

(Millions of yen)				(Thousands of U.S. dollars)	
FY 3/2022 (From April 1, 2021, to March 31, 2022)		FY 3/2023 (From April 1, 2022, to March 31, 2023)		FY 3/2023 (From April 1, 2022, to March 31, 2023)	
Fair value	Cumulative gains or losses recognized as other comprehensive income (Note)	Fair value	Cumulative gains or losses recognized as other comprehensive income (Note)	Fair value	Cumulative gains or losses recognized as other comprehensive income (Note)
15,696	8,016	3,310	2,374	24,788	17,784

Note: The Group transfers the cumulative gains or losses recognized as other comprehensive income in equity to retained earnings.

12. Other Assets

The details of other assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Other current assets			
Prepaid expenses	1,890	2,290	17,154
Advance payments	4,030	875	6,558
Consumption tax receivables	132	107	802
Other	3,467	3,967	29,709
Total	9,520	7,240	54,224
Other noncurrent assets			
Prepaid expenses	46	35	266
Retirement benefit assets	2,303	4,828	36,163
Other	324	334	2,504
Total	2,674	5,199	38,935

13. Property, Plant, and Equipment

(1) Property, Plant, and Equipment

The changes in acquisition costs; accumulated depreciation and accumulated impairment losses; and carrying amounts of property, plant, and equipment are as follows:

(Millions of yen)							
Acquisition cost	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at April 1, 2021	185,930	230,553	18,616	30,794	8,496	31,087	505,478
Additions	1,470	3,706	672	0	17,306	4,353	27,508
Reclassifications from construction in progress	5,759	9,537	690	-	(15,987)	-	-
Sales and disposals	(1,545)	(5,909)	(558)	(96)	(2)	(1,312)	(9,424)
Exchange differences on translation of foreign operations	5,790	6,273	743	373	611	704	14,497
Other	(1,067)	(538)	16	-	(1,920)	(1,219)	(4,730)
Balance at March 31, 2022	196,337	243,621	20,181	31,072	8,504	33,613	533,330
Additions	1,029	4,429	780	20	23,537	3,287	33,085
Reclassifications from construction in progress	3,269	11,619	999	62	(15,951)	-	-
Sales and disposals	(825)	(4,244)	(506)	(9)	(15)	(1,556)	(7,158)
Exchange differences on translation of foreign operations	2,448	2,458	306	366	(298)	392	5,674
Other	(13)	(561)	(1)	(216)	(424)	(86)	(1,303)
Balance at March 31, 2023	202,246	257,323	21,759	31,295	15,352	35,650	563,627

(Millions of yen)							
Accumulated depreciation and accumulated impairment losses	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at April 1, 2021	87,198	138,571	14,097	42	26	8,406	248,343
Depreciation	6,270	14,812	1,286	-	-	4,527	26,896
Sales and disposals	(1,231)	(5,313)	(495)	-	(2)	(878)	(7,921)
Impairment losses	19	401	10	-	-	-	431
Exchange differences on translation of foreign operations	2,131	4,067	508	-	0	73	6,780
Other	(1,092)	(542)	(20)	-	(24)	(28)	(1,707)
Balance at March 31, 2022	93,296	151,996	15,387	42	-	12,099	272,823
Depreciation	6,718	15,359	1,400	-	-	4,528	28,006
Sales and disposals	(648)	(3,918)	(490)	-	-	(1,398)	(6,455)
Impairment losses	39	38	43	-	-	-	120
Exchange differences on translation of foreign operations	1,029	2,658	301	-	-	80	4,069
Other	(39)	4	(44)	-	-	(696)	(775)
Balance at March 31, 2023	100,394	166,138	16,598	42	-	14,613	297,788

(Millions of yen)							
Carrying amount	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at April 1, 2021	98,732	91,982	4,518	30,751	8,469	22,681	257,135
Balance at March 31, 2022	103,040	91,624	4,793	31,029	8,504	21,513	260,506
Balance at March 31, 2023	101,851	91,184	5,161	31,252	15,352	21,036	265,839

(Thousands of U.S. dollars)

Acquisition cost	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at April 1, 2022	1,470,360	1,824,470	151,136	232,697	63,692	251,728	3,994,086
Additions	7,709	33,174	5,844	156	176,273	24,616	247,775
Reclassifications from construction in progress	24,488	87,019	7,484	464	(119,457)	-	-
Sales and disposals	(6,182)	(31,789)	(3,792)	(73)	(116)	(11,657)	(53,611)
Exchange differences on translation of foreign operations	18,338	18,408	2,295	2,747	(2,238)	2,940	42,492
Other	(103)	(4,202)	(9)	(1,621)	(3,177)	(646)	(9,761)
Balance at March 31, 2023	1,514,612	1,927,081	162,959	234,372	114,975	266,981	4,220,982

(Thousands of U.S. dollars)

Accumulated depreciation and accumulated impairment losses	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at April 1, 2022	698,692	1,138,296	115,238	321	-	90,616	2,043,165
Depreciation	50,314	115,023	10,487	-	-	33,914	209,739
Sales and disposals	(4,858)	(29,343)	(3,669)	-	-	(10,476)	(48,348)
Impairment losses	292	284	322	-	-	-	898
Exchange differences on translation of foreign operations	7,710	19,909	2,257	-	-	601	30,479
Other	(298)	34	(332)	-	-	(5,214)	(5,809)
Balance at March 31, 2023	751,853	1,244,205	124,303	321	-	109,441	2,230,125

(Thousands of U.S. dollars)

Carrying amount	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at April 1, 2022	771,668	686,173	35,897	232,376	63,692	161,112	1,950,921
Balance at March 31, 2023	762,758	682,875	38,655	234,050	114,975	157,540	1,990,857

14. Goodwill and Intangible Assets

(1) Goodwill and intangible assets

The changes in acquisition costs, accumulated amortization and accumulated impairment losses, and carrying amounts of goodwill and intangible assets are as follows:

(Millions of yen)

Acquisition cost	Goodwill	Trademarks	Software	Others	Total
Balance at April 1, 2021	28,244	4,986	12,339	4,235	49,805
Additions	-	0	398	390	789
Sales and disposals	-	-	(443)	(3)	(447)
Reclassification	-	-	385	(385)	-
Exchange differences on translation of foreign operations	5,909	601	0	754	7,265
Other	-	44	308	(25)	327
Balance at March 31, 2022	34,153	5,632	12,987	4,966	57,740
Additions	-	-	276	133	410
Sales and disposals	-	(1)	(152)	-	(153)
Reclassification	-	3	452	(455)	-
Exchange differences on translation of foreign operations	441	42	0	57	541
Other	-	16	24	308	349
Balance at March 31, 2023	34,594	5,693	13,589	5,010	58,888

(Millions of yen)

Accumulated amortization and accumulated impairment losses	Goodwill	Trademarks	Software	Others	Total
Balance at April 1, 2021	23,006	2,058	9,407	2,855	37,328
Amortization	-	3	1,086	181	1,271
Sales and disposals	-	-	(417)	(2)	(420)
Exchange differences on translation of foreign operations	5,815	601	-	738	7,155
Other	-	44	301	(146)	199
Balance at March 31, 2022	28,822	2,708	10,378	3,625	45,535
Amortization	-	1	1,000	111	1,113
Sales and disposals	-	(1)	(136)	-	(138)
Impairment	-	56	-	-	56
Exchange differences on translation of foreign operations	395	42	0	52	490
Other	-	(38)	15	205	181
Balance at March 31, 2023	29,217	2,767	11,257	3,994	47,237

(Millions of yen)

Carrying amount	Goodwill	Trademarks	Software	Others	Total
Balance at April 1, 2021	5,237	2,927	2,931	1,380	12,476
Balance at March 31, 2022	5,331	2,924	2,608	1,340	12,205
Balance at March 31, 2023	5,377	2,926	2,332	1,015	11,651

(Thousands of U.S. dollars)					
Acquisition cost	Goodwill	Trademarks	Software	Others	Total
Balance at April 1, 2022	255,774	42,183	97,261	37,193	432,413
Additions	-	-	2,073	1,001	3,074
Sales and disposals	-	(7)	(1,138)	-	(1,146)
Reclassification	-	25	3,389	(3,414)	-
Exchange differences on translation of foreign operations	3,304	316	1	430	4,053
Other	-	124	185	2,310	2,620
Balance at March 31, 2023	259,079	42,641	101,773	37,520	441,014

(Thousands of U.S. dollars)					
Accumulated amortization and accumulated impairment losses	Goodwill	Trademarks	Software	Others	Total
Balance at April 1, 2022	215,848	20,282	77,725	27,154	341,009
Amortization	-	11	7,491	831	8,335
Sales and disposals	-	(11)	(1,025)	-	(1,037)
Impairment	-	419	-	-	419
Exchange differences on translation of foreign operations	2,962	316	-	390	3,670
Other	-	(289)	113	1,538	1,362
Balance at March 31, 2023	218,810	20,728	84,305	29,915	353,760

(Thousands of U.S. dollars)					
Carrying amount	Goodwill	Trademarks	Software	Others	Total
Balance at April 1, 2022	39,926	21,900	19,536	10,039	91,403
Balance at March 31, 2023	40,268	21,913	17,467	7,605	87,254

Note 1: Amortization of intangible assets is included in cost of sales and selling, general, and administrative expenses in the consolidated statement of income.

2: Research and development ("R&D") expenditure expensed for the years ended March 31, 2022 and 2023, are ¥10,127 million and ¥11,353 million (\$ 85,027 thousand), respectively.

(2) Significant intangible assets

Intangible assets included in the consolidated statement of financial position are goodwill (carrying amount: ¥4,447 million (\$ 33,308 thousand)) and trademarks (carrying amount: ¥2,920 million (\$ 21,867 thousand)) recognized in connection with the acquisition of KOIKE-YA Inc. in FY 2021.

Trademarks recognized through the acquisition of KOIKE-YA Inc. are deemed to be intangible assets with indefinite useful lives, as there is no foreseeable limit to the period over which intangible assets are expected to generate net cash inflows.

(3) Impairment test of goodwill

In the current consolidated fiscal year, the book value of the major goodwill allocated to each cash-generating unit is the goodwill of ¥4,447 million (\$ 33,308 thousand) recognized through the acquisition of KOIKE-YA Inc. As a result of the impairment test of goodwill, no impairment loss of goodwill was recognized.

Because recoverable amounts are measured at net realizable value based on quoted market prices, the hierarchy of fair value is classified as Level 1.

15. Impairment Loss of Nonfinancial Asset

The Group allocates property, plant, and equipment into cash-generating units based on the smallest identifiable group of assets that generate cash inflows that are largely independent.

The details of impairment losses recognized for assets are as follows:

The impairment losses are included in "Other expenses" in the consolidated statement of income.

FY 3/2022 (from April 1, 2021, to March 31, 2022)

(Millions of yen)

Segment	Location	Category	Component	FY 3/2022
				(From April 1, 2021, to March 31, 2022)
Others	India	Business assets	Machinery and equipment	401
			Buildings and structures	19
			Tools, furniture, and fixtures	10
			Vehicles	0
Total			431	

Details of the impairment losses

The Group's business assets are grouped according to manufacturing unit or usage, and the Group's idle assets are grouped on an individual asset basis.

The carrying amount of the relevant assets were reduced to their net recoverable amounts when it was determined that it was not possible that the book values of such assets would be recovered due to a downturn in profitability. As a result, the Group recorded loss on impairment in the consolidated statement of income.

The recoverable value of business asset is measured at its fair value, less costs of disposal or value in use.

FY 3/2023 (from April 1, 2022, to March 31, 2023)

(Thousands of U.S. dollars)

Segment	Location	Category	Component	(Millions of yen)	(Thousands of U.S. dollars)
				FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
China	Hong Kong	Business assets	Trademarks	56	423
			Tools, furniture, and fixtures	43	327
			Buildings and structures	39	294
			Machinery and equipment	38	287
Total			177	1,332	

Details of the impairment losses

The Group's business assets are grouped according to manufacturing unit or usage, and the Group's idle assets are grouped on an individual asset basis.

The carrying amount of the relevant assets were reduced to their net recoverable amounts when it was determined that it was not possible that the book values of such assets would be recovered due to a downturn in profitability. As a result, the Group recorded loss on impairment in the consolidated statement of income.

The recoverable value of business asset is measured at its fair value, less costs of disposal or value in use.

16. Leases

As a lessee, the Group leases assets, including Business Offices.

1. Items that related to right-of-use assets

Depreciation charge, additions, and book values of right-of-use assets are as follows:

	(Millions of yen)					
Depreciation charge	Buildings and structures	Machineries and vehicles	Tools, furniture, and fixtures	Land	Others	Total
FY 3/2022 (From April 1, 2021, to March 31, 2022)	2,790	1,133	150	404	149	4,628
FY 3/2023 (From April 1, 2022, to March 31, 2023)	2,821	1,127	158	420	103	4,630

	(Thousands of U.S. dollars)					
Depreciation charge	Buildings and structures	Machineries and vehicles	Tools, furniture, and fixtures	Land	Others	Total
FY 3/2023 (From April 1, 2022, to March 31, 2023)	21,130	8,445	1,184	3,147	773	34,679

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Additions to right-of-use assets	4,353	3,287	24,616

	(Millions of yen)					
Book values	Buildings and structures	Machineries and vehicles	Tools, furniture, and fixtures	Land	Others	Total
FY 3/2022 (From April 1, 2021, to March 31, 2022)	9,919	5,603	244	5,736	289	21,793
FY 3/2023 (From April 1, 2022, to March 31, 2023)	10,524	4,790	149	5,568	181	21,214

	(Thousands of U.S. dollars)					
Book values	Buildings and structures	Machineries and vehicles	Tools, furniture, and fixtures	Land	Others	Total
FY 3/2023 (From April 1, 2022, to March 31, 2023)	78,814	35,872	1,121	41,706	1,361	158,875

2. Expenses relating to leases and cash outflows

Expenses relating to leases are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Interest expenses on lease liabilities	249	294	2,205
Expenses relating to short-term leases accounted for applying the optional recognition exemption	190	346	2,595
Expenses relating to leases of low-value assets accounted for applying the optional recognition exemption	83	75	567

Total amount of cash outflows incurred by lease are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2021, to March 31, 2022)
Total cash outflow for leases	5,507	5,479	41,035

Maturity analysis of lease liabilities is described in "Notes to the consolidated financial statements, 34. Financial assets (4) Liquidity risks management."

3. Lessor

The Group contracts buildings as operating leases.

Revenues incurred by operating lease contacts are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Lease income (excluding variable leases)	33	33	251
Variable lease payments that do not depend on an index or a rate	-	-	-
Variable lease payments that depend on an index or a rate	-	-	-
Total	33	33	251

Maturity analysis

Due date-wise balances of operating leases at each fiscal year end are as follows:

FY 3/2022 (As of March 31, 2022)

	(Millions of yen)						
	Within 1 year	More than 1 year up to 2 years	More than 2 years up to 3 years	More than 3 years up to 4 years	More than 4 years up to 5 years	Above 5 years	Total
Total undiscounted lease payments	33	33	33	33	33	1,128	1,296

FY 3/2023 (As of March 31, 2023)

	(Millions of yen)						
	Within 1 year	More than 1 year up to 2 years	More than 2 years up to 3 years	More than 3 years up to 4 years	More than 4 years up to 5 years	Above 5 years	Total
Total undiscounted lease payments	33	33	33	33	33	1,094	1,262

FY 3/2023 (As of March 31, 2023)

	(Thousands of U.S. dollars)						
	Within 1 year	More than 1 year up to 2 years	More than 2 years up to 3 years	More than 3 years up to 4 years	More than 4 years up to 5 years	Above 5 years	Total
Total undiscounted lease payments	251	251	251	251	251	8,198	9,457

17. Investment Property

(1) Investment property

The changes in acquisition costs, accumulated depreciation and accumulated impairment losses, and carrying amounts of investment properties are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
Acquisition cost	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Beginning balance	8,885	8,674	64,960
Reclassifications from construction in progress	-	4	36
Additions	12	-	-
Disposals	(224)	(181)	(1,356)
Ending balance	8,674	8,497	63,640

	(Millions of yen)		(Thousands of U.S. dollars)
Accumulated depreciation and impairment losses	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Beginning balance	1,516	1,366	10,233
Depreciation	73	73	547
Disposals	(224)	(166)	(1,244)
Ending balance	1,366	1,273	9,536

	(Millions of yen)		(Thousands of U.S. dollars)
Carrying amount	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Carrying amount	7,307	7,224	54,104

(2) Fair value

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 202)
Investment property	7,144	7,129	53,389

Note 1: Fair value of investment property is mainly determined by external real estate appraisers referring to market prices of similar assets.

2: The fair value is categorized under Level 3 in the fair value hierarchy, as significant unobservable inputs are included.

(3) Income and expense from investment properties

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Rent income	403	409	3,070
Direct expenses	203	207	1,551

18. Income Taxes

(1) Income tax expense

1. Income tax expense

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Current tax expense			
Tax expense in current year	12,690	12,132	90,857
Total current tax expense	12,690	12,132	90,857
Deferred tax expense			
Occurrence and reversal of temporary differences	279	349	2,616
Net changes in unrecognized deferred tax assets	(2,043)	(2,913)	(21,815)
Total deferred tax expense	(1,763)	(2,563)	(19,199)
Total	10,927	9,568	71,657

2. Reconciliation of effective tax rate

	FY 3/2023 (From April 1, 2022, to March 31, 2023)	
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Effective statutory tax rate	30.62	30.62
Gain on investments accounted for using the equity method	(2.28)	(4.23)
Tax credits	(1.80)	(1.74)
Nondeductible permanent items, such as dividends received	(0.95)	(0.61)
Net changes in unrecognized deferred tax assets	(3.39)	(6.77)
Other	0.01	(0.76)
Average effective tax rate	22.22	16.51

(2) Deferred tax assets and deferred tax liabilities

1. Deferred tax assets and deferred tax liabilities

Balances and movements of deferred tax assets and deferred tax liabilities by nature are as follows:

(Millions of yen)

	FY 3/2021 (As of April 1, 2021)	Recognized through profit or loss	Recognized in other comprehensive income	FY 3/2022 (As of March 31, 2022)
Deferred tax assets				
Net defined benefit liability	191	1,176	(339)	1,028
Accounts payable	3,377	(25)	-	3,351
Accrued bonuses	1,785	(97)	-	1,687
Long-term accounts payable	210	(61)	-	149
Property, plant, and equipment and intangible assets	5,231	(157)	-	5,073
Unused tax losses of subsidiaries	1	(0)	-	0
Other	6,478	1,245	-	7,724
Total deferred tax assets	17,276	2,078	(339)	19,016
Deferred tax liabilities				
Property, plant, and equipment and intangible assets	(6,616)	(788)	-	(7,405)
Other financial assets	(15,163)	-	1,195	(13,967)
Other	(44)	44	-	-
Total deferred tax liabilities	(21,824)	(743)	1,195	(21,372)
Net amount	(4,547)	1,334	856	(2,356)

(Millions of yen)

	FY 3/2022 (As of March 31, 2022)	Recognized through profit or loss	Recognized in other comprehensive income	FY 3/2023 (As of March 31, 2023)
Deferred tax assets				
Net defined benefit liability	1,028	26	(928)	125
Accounts payable	3,351	1,062	-	4,414
Accrued bonuses	1,687	134	-	1,821
Long-term accounts payable	149	11	-	160
Property, plant, and equipment and intangible assets	5,073	(63)	-	5,010
Unused tax losses of subsidiaries	0	1,239	-	1,240
Other	7,724	595	-	8,320
Total deferred tax assets	19,016	3,005	(928)	21,093
Deferred tax liabilities				
Property, plant, and equipment and intangible assets	(7,405)	315	-	(7,089)
Other financial assets	(13,967)	-	4,282	(9,684)
Total deferred tax liabilities	(21,372)	315	4,282	(16,774)
Net amount	(2,356)	3,321	3,354	4,318

(Thousands of U.S. dollars)

	FY 3/2022 (As of March 31, 2022)	Recognized through profit or loss	Recognized in other comprehensive income	FY 3/2023 (As of March 31, 2023)
Deferred tax assets				
Net defined benefit liability	7,699	196	(6,955)	940
Accounts payable	25,101	7,957	-	33,059
Accrued bonuses	12,638	1,004	-	13,642
Long-term accounts payable	1,119	82	-	1,202
Property, plant, and equipment and intangible assets	37,997	(476)	-	37,520
Unused tax losses of subsidiaries	7	9,283	-	9,290
Other	57,848	4,461	-	62,309
Total deferred tax assets	142,411	22,509	(6,955)	157,965
Deferred tax liabilities				
Property, plant, and equipment and intangible assets	(55,456)	2,362	-	(53,094)
Other financial assets	(104,603)	-	32,074	(72,529)
Total deferred tax liabilities	(160,060)	2,362	32,074	(125,623)
Net amount	(17,648)	24,871	25,119	32,341

2. Net amounts of deferred tax assets and deferred tax liabilities included in the consolidated statement of financial position

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Deferred tax assets	11,990	13,737	102,876
Deferred tax liabilities	(14,347)	(9,418)	(70,534)
Net amount	(2,356)	4,318	32,341

(3) Deductible temporary differences and unused tax losses and others for which no deferred tax assets are recognized

Deductible temporary differences and unused tax losses and others for which no deferred tax assets are recognized are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Deductible temporary differences	18,013	14,050	105,224
Carryforwards of unused tax losses	28,087	14,159	106,040
Carryforwards of tax credits	81	203	1,525
Total	46,182	28,413	212,790

Tax loss carryforwards for which no deferred tax assets are recognized will expire as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
1st year	2,191	957	7,171
2nd year	1,188	1,181	8,848
3rd year	666	836	6,265
4th year	3,393	649	4,867
5th year and thereafter	20,648	10,533	78,886
Total	28,087	14,159	106,040

(4) Taxable temporary differences for investments in subsidiaries and affiliates for which no deferred tax liabilities are recognized.

Taxable temporary differences for which no deferred tax liabilities are recognized regarding investments in subsidiaries amount to ¥175,377 million and ¥280,697 million (\$2,102,128 thousand) as of March 31, 2022 and 2023, respectively.

19. Trade and Other Payables

The details of trade and other payables are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Trade payables	64,354	70,741	529,781
Notes payable	1,187	860	6,442
Nontrade payables	50,012	60,240	451,139
Other	7,696	8,503	63,684
Total	123,251	140,346	1,051,048

Note: Trade and other payables are classified as financial liabilities measured at amortized cost.

20. Borrowings and Other Financial Liabilities

(1) Details of financial liabilities

The details of borrowings and other financial liabilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)	Average interest rate	Date of maturity
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)		
Derivative liabilities	11	1	10		
Short-term borrowings	4,588	4,340	32,507	0.89%	
Current portion of long-term borrowings	8,653	8,608	64,466	0.30%	
Long-term borrowings	31,673	23,272	174,289	0.41%	2024-2033
Lease liabilities	19,455	18,877	141,371	1.65%	2023-2049
Long-term guarantee deposit	657	664	4,972		
Other	250	314	2,357		
Total	65,292	56,079	419,976		
Current liabilities	16,692	17,956	134,472		
Noncurrent liabilities	48,599	38,123	285,503		
Total	65,292	56,079	419,976		

Note 1: The average interest rate is the weighted-average interest rate on the balance of borrowings as of March 31, 2023.

2: Derivative liability is classified as financial liability measured at FVTPL, and borrowing is classified as financial liability measured at amortized cost.

3: There are no financial covenants on borrowings that have a significant effect on the Group's financial activities.

(2) Pledged assets for liabilities

1. Pledged assets

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Land	2,083	2,083	15,603
Building and structure	4,581	4,369	32,723
Machinery and vehicle	0	0	0
Total	6,665	6,453	48,327

2. Liabilities related to the pledged assets

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Current portion of long-term borrowings	1,255	1,208	9,050
Long-term borrowings	5,527	4,319	32,347
Total	6,783	5,527	41,398

21. Provisions

The changes in provisions are as follows:

	(Millions of yen)			
	Provision for asset retirement obligations	Provision for losses on lawsuit	Provision for restructuring	Total
Balance at March 31, 2021	78	124	204	407
Increase	141	4	-	146
Decrease (provision used)	-	(98)	(150)	(248)
Decrease (provision reversed)	-	(6)	(53)	(59)
Increase due to passage of time	0	3	-	3
Exchange differences on translation of foreign operations	-	19	-	19
Balance at March 31, 2022	220	48	-	268
Increase	-	236	-	236
Decrease (provision used)	-	(25)	-	(25)
Decrease (provision reversed)	-	(2)	-	(2)
Increase due to passage of time	0	5	-	5
Exchange differences on translation of foreign operations	-	2	-	2
Balance at March 31, 2023	220	264	-	484

(Thousands of U.S. dollars)

	(Thousands of U.S. dollars)			
	Provision for asset retirement obligations	Provision for losses on lawsuit	Provision for restructuring	Total
Balance at March 31, 2022	1,649	361	-	2,010
Increase	-	1,768	-	1,768
Decrease (provision used)	-	(194)	-	(194)
Decrease (provision reversed)	-	(19)	-	(19)
Increase due to passage of time	1	40	-	42
Exchange differences on translation of foreign operations	-	20	-	20
Balance at March 31, 2023	1,650	1,977	-	3,627

The following table presents the carrying amount of provisions recognized in the consolidated statement of financial position:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Current liabilities	-	-	-
Noncurrent liabilities	268	484	3,627
Total	268	484	3,627

22. Other Liabilities

The details of other liabilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Other current liabilities			
Accrued bonuses	5,301	4,831	36,182
Deposits payable	2,880	3,048	22,830
Consumption tax payables	1,196	1,681	12,595
Obligation for unused paid absences	4,535	5,132	38,434
Refund liabilities (accrued rebates)	7,650	6,304	47,214
Other	944	983	7,361
Total	22,508	21,981	164,619
Other noncurrent liabilities			
Accrued long-term expenses	2,064	2,250	16,856
Other	414	296	2,217
Total	2,478	2,547	19,074

23. Employee Benefits

The Group has adopted funded and unfunded defined benefit pension plans and defined contribution plans to cover employee retirement benefits.

Funded defined benefit pension plans have been operated by a corporate pension fund that is legally separated from the Group in accordance with laws and regulations, including the Defined Benefit Corporate Pension Act.

Certain consolidated subsidiaries have adopted lump-sum payment plans.

Additionally, certain consolidated subsidiaries have also adopted corporate defined contribution plans based on the Defined Contribution Pension Act.

The benefits of the plans are determined based on years of service and salary levels of employees.

The Group, the board of representatives of corporate pension fund, and the pension fund management institutions are legally required to act in the best interests of plan participants in executing their responsibilities for managing the plan assets.

The main defined benefit plan of the Group is exposed to the following actuarial risks:

Investment risk	The discount rate used to determine present value of defined benefit plan obligations is based on market yields on instruments of high-quality corporate bonds. If the profit of plan assets is below the market yields, there is a possibility of shortage of funds.
Interest rate risk	Interest rate risk involves the potential for an increase in defined benefit plan obligations if market yields on instruments of high-quality corporate bonds decrease. However, it will be partially offset by the increase in fair values of debt instruments or plan assets.
Longevity risk	The present value of the defined benefit plan obligations is calculated based on the mortality rate based on best estimate of the scheme participants during and after employment. Longer life expectancy for scheme participants will result in an increase in defined benefit plan obligations.

(1) Defined Benefit Plans

1. Defined benefit obligations and plan assets

The details of the retirement benefit liabilities and assets recognized in the consolidated statement of financial position are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Present value of the defined benefit obligations	43,005	40,323	301,984
Fair value of plan assets	(40,222)	(40,232)	(301,298)
Subtotal	2,783	91	685
Effect of asset ceiling	90	172	1,288
Net defined benefit liabilities	2,873	263	1,974
Amounts recognized in the consolidated statement of financial position			
Retirement benefit liabilities	5,177	5,092	38,138
Retirement benefit assets	2,303	4,828	36,163

2. Present value of defined benefit obligations

The changes in the present value of defined benefit obligations are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Balance at the beginning	42,733	43,005	322,062
Current service expense	1,996	1,999	14,974
Past service expense (including loss (gain) related to plan curtailment)	-	(33)	(248)
Interest expense	329	374	2,803
Remeasurements			
Actuarial gains and losses arising from changes in demographic assumptions	30	-	
Actuarial gains and losses arising from changes in financial assumptions	(399)	(3,118)	(23,357)
Actuarial gains and losses arising from experience adjustments	80	(68)	(514)
Benefits paid	(1,852)	(1,840)	(13,784)
Other	86	6	47
Balance at the end	43,005	40,323	301,984

3. Fair values of plan assets

The changes in the fair values of plan assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Balance at the beginning	39,133	40,222	301,220
Interest income	301	326	2,443
Remeasurements			
Return on plan assets (excluding amounts included in interest income)	910	(184)	(1,383)
Contributions provided by employer	1,364	1,401	10,495
Benefits paid	(1,487)	(1,532)	(11,477)
Balance at the end	40,222	40,232	301,298

4. Details of effect of asset ceiling

The details of asset ceiling are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Balance at the beginning	-	90	679
Remeasurements	-	0	4
Effect of asset ceiling (excluding amounts included in interest income)	90	80	604
Balance at the end	90	172	1,288

5. Details of defined benefit cost

The details of defined benefit cost are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Service cost			
Current service cost	1,996	1,999	14,974
Past service expense and settlement gains and losses	-	(33)	(248)
Interest expense	329	374	2,803
Interest income	(301)	(326)	(2,443)
Total defined benefit cost recognized in profit or loss	2,024	2,014	15,086
Remeasurements			
Return on plan assets (excluding amounts included in interest income)	(910)	184	1,383
Actuarial gains and losses arising from changes in demographic assumptions	30	-	-
Actuarial gains and losses arising from changes in financial assumptions	(399)	(3,118)	(23,357)
Actuarial gains and losses arising from experience adjustments	80	(68)	(514)
Total defined benefit cost recognized in other comprehensive income	(1,198)	(3,002)	(22,488)
Total	825	(988)	(7,402)

6. Components of plan assets

The details of plan assets by category are as follows:

FY 3/2022 (As of March 31, 2022)

	(Millions of yen)		
	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities (domestic)	3,539	-	3,539
Equity securities (overseas)	4,176	-	4,176
Bonds (domestic)	8,140	-	8,140
Bonds (overseas)	2,634	-	2,634
General account for life insurance companies (Note 1)	-	6,169	6,169
Alternative investments (Note 2)	-	8,932	8,932
Other	6,629	-	6,629
Total	25,120	15,101	40,222

FY 3/2023 (As of March 31, 2023)

	(Millions of yen)			(Thousands of U.S. dollars)		
	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities (domestic)	3,711	-	3,711	27,794	-	27,794
Equity securities (overseas)	4,220	-	4,220	31,610	-	31,610
Bonds (domestic)	7,785	-	7,785	58,304	-	58,304
Bonds (overseas)	3,082	-	3,082	23,086	-	23,086
General account for life insurance companies (Note 1)	28	6,166	6,195	216	46,183	46,399
Alternative investments (Note 2)	-	10,726	10,726	-	80,327	80,327
Other	4,510	-	4,510	33,775	-	33,775
Total	23,339	16,893	40,232	174,787	126,510	301,298

Note 1: A certain interest rate and principal for the general account of life insurance are guaranteed by life insurance companies.

2: Alternative investments include hedge funds and others.

7. Matters related to actuarial assumptions

The significant actuarial assumptions used to measure present value of defined benefit obligations are as follows:

	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)
Discount rate (%)	0.9	1.5
Life expectancy (years)	26.5	26.6

8. Sensitivity analysis of actuarial assumptions

With an assumption of all other actuarial assumptions being constant, changes in the defined benefit obligations calculated according to changes in each significant actuarial assumption arising as of March 31, 2022 and 2023, are as follows. Sensitivity analysis results may not actually represent changes accurately in defined benefit obligations since other interrelated actuarial assumptions also change.

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Discount rate increase by 0.5%	(2,800)	(2,526)	(18,922)
Life expectancy increase by 1 year	607	513	3,847

9. Impact on future cash flows

(i) Funding policy for plan assets and expected contributions to plan assets

The funding policies for plan assets of the Group are as follows:

The purpose of the corporate pension fund, which is the major component of the Group's plan, is to secure necessary returns over the long term within limits of acceptable risk in assets management in order to ensure benefit and lump-sum payments in the future.

In particular, the Group set the target return rate and asset composition ratio by investment asset within the allowable risk range specified by the fiscal year and manage the assets by maintaining that proportion.

For asset composition ratio, the Group discussed the introduction of plan assets highly correlated with changes in the defined benefit obligation when necessary.

Also, when unforeseen circumstances occur in the market environment, it is possible to temporarily adjust the weight of risk assets according to internal regulations.

In relation to funding the corporate pension fund, rules stipulate that the amount of contributions as of the last day of a fiscal year (i.e., reference date) should be recalculated every five years in order to maintain the balance of the pension financing.

Also, as for the corporate pension reserve as of each fiscal year, the amount of premium contribution will be recalculated if the amount of pension fund falls below the reserve fund after deduction of allowable deficiency carried forward.

During the year ended March 31, 2024, ¥1,411 million (\$10,567 thousand) was paid to plan assets as contributions.

(ii) Maturity analysis for the defined benefit obligations

The weighted-average durations of the defined benefit obligations were 14.7 years and 14.5 years as of March 31, 2022 and 2023, respectively.

(2) Employee benefit expenses

The amounts recognized as cost of sales and selling, general, and administrative expenses related to the employee benefit expenses were ¥84,300 million and ¥100,193 million (\$750,342 thousand) for the years ended March 31, 2022 and 2023, respectively.

24. Equity and Other Equity Items

(1) Equity and treasury shares

1. Shares authorized

	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)
Authorized		
Ordinary shares	500,000,000	500,000,000
Issued		
Beginning balance	105,700,000	104,222,300
Change during the year	(1,477,700)	(1,360,800)
Ending balance	104,222,300	102,861,500

Note 1: All of the issued shares of the Company are ordinary shares that have no par value.

Note 2: The total number of issued shares for the year ended March 31, 2022 decreased by 1,477,700 shares due to the cancellation of treasury stock. The total number of issued shares for the year ended March 31, 2023 decreased by 1,360,800 shares also due to the cancellation of treasury stock.

2. Treasury shares

(Shares)

	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)
Treasury shares		
Beginning balance	1,528,236	1,786,406
Change during the year	258,170	(271,219)
Ending balance	1,786,406	1,515,187

Note 1: The Company adopts share option plans and utilizes treasury shares for delivery of shares due to its exercise. Contract conditions and amounts are described in Note 33. "Share-Based Payments." The Company has introduced equity-settled and cash-settled share-based payment schemes (BBT) from this fiscal year and has discontinued the stock option plans, except for those already granted.

Note 2: In this fiscal year, the number of treasury shares includes 41,800 shares of the Company held by the trust accounts related to the BBT.

(2) Capital surplus

The Companies Act of Japan requires that more than half of the payment or contribution upon issuance of shares must be appropriated as share capital and the rest must be appropriated as capital reserve, which is included in capital surplus.

Capital reserve may be appropriated to share capital by resolution of the general meeting of shareholders.

(3) Retained earnings

The Companies Act of Japan requires that an amount equal to one-tenth of dividends must be appropriated as capital reserve or as legal reserve until the total of the aggregate amount of capital reserve and legal reserve equals a quarter of share capital.

(4) Other components of equity

1. Net gain (loss) on revaluation of financial assets measured at FVTOCI

Net gain (loss) on revaluation of financial assets measured at FVTOCI is the accumulated amount of changes in the fair value of financial assets measured at FVTOCI.

2. Remeasurements of defined benefit plans

Remeasurements of defined benefit plans include the effect of any variances between actuarial assumptions at the beginning of the year and actual results and the effects of changes in actuarial assumptions.

Remeasurements of defined benefit plans are recognized in other comprehensive income and immediately reclassified from other components of equity to retained earnings in the period when they occur.

3. Share of other comprehensive income of investments accounted for using the equity method

Share of other comprehensive income of investments accounted for using the equity method includes net gain (loss) on revaluation of financial assets measured at FVTOCI, remeasurements of defined benefit plans, and exchange differences on translation of foreign operations.

4. Exchange differences on translation of foreign operations

Foreign currency translation differences arise from the translation of financial statements of foreign operations prepared in foreign currencies.

5. Cash flow hedges

Cash flow hedge is the portion of the change in the fair value of the hedging instrument that meets the hedge effectiveness requirements under hedge accounting.

25. Dividends

The details of dividends are as follows:

FY 3/2022 (From April 1, 2021, to March 31, 2022)

1. Dividend paid

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
General Meeting of Shareholders held on June 25, 2021	6,771	65	March 31, 2021	June 28, 2021
Board of directors meeting held on November 5, 2021	7,213	70	September 30, 2021	November 29, 2021

2. Dividends with an effective date after the fiscal year end are as follows:

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
General Meeting of Shareholders held on June 28, 2022	6,146	60	March 31, 2022	June 29, 2022

FY 3/2023 (From April 1, 2022, to March 31, 2023)

1. Dividends paid

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	(Thousands of U.S. dollars)	(U.S. dollars)
General Meeting of Shareholders held on June 28, 2022	6,146	60	March 31, 2022	June 29, 2022	46,028	0.4
Board of directors meeting held on November 10, 2022	6,590	65	September 30, 2022	November 29, 2022	49,354	0.4

Note: The total amount of dividends based on the board of directors meeting held on November 10, 2022, includes a dividend of ¥2 million (\$20 thousand) for the Company's shares held by the trust accounts related to the BBT.

2. Dividends with an effective date after the fiscal year end are as follows:

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	(Thousands of U.S. dollars)	(U.S. dollars)
General Meeting of Shareholders held on June 28, 2023	7,604	75	March 31, 2023	June 29, 2023	56,946	0.5

Note: The total amount of dividends based on the annual general meeting of shareholders held on June 28, 2023, includes a dividend of ¥3 million (\$23 thousand) for the Company's shares held by the trust accounts related to the BBT.

26. Revenue

The disaggregation of revenue for each product or geographical segment of the Group's reportable segments is as follows:

Reportable segment	Revenue segment	(Millions of yen)		(Thousands of U.S. dollars)
		FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
NISSIN FOOD PRODUCTS	Instant noodles	191,571	199,300	1,492,548
	Other	19,211	20,904	171,230
	Total	210,783	220,204	1,649,102
MYOJO FOODS	Instant noodles	37,304	39,967	299,314
	Chilled and frozen products	615	543	4,073
	Total	37,920	40,511	303,387
Chilled and frozen foods and beverages	Chilled and frozen products	65,052	66,854	500,669
	Beverages	15,643	19,826	148,477
	Other	171	158	1,184
	Total	80,867	86,838	650,330
Confectionery	Confectionery	69,025	74,053	554,579
	Other	6	4	36
	Total	69,031	74,057	554,616
The Americas	Instant noodles	85,670	137,352	1,028,623
	Chilled and frozen products	1,657	2,690	20,147
	Total	87,328	140,042	1,048,771
China	Hong Kong	19,641	24,150	180,860
	Mainland China	35,837	41,978	314,373
	Total	55,478	66,128	495,234
Other	Instant noodles	25,357	37,704	282,368
	Beverages	311	306	2,296
	Confectionery	419	440	3,296
	Other	2,224	3,013	22,565
	Total	28,312	41,464	310,527
Revenue in the consolidated financial statements		569,722	669,248	5,011,971

27. Selling, General, and Administrative Expenses

The details of selling, general, and administrative expenses are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Advertising expenses	16,578	18,931	141,775
Freight and storage charges	48,836	53,379	399,753
Employee salaries	24,604	28,881	216,292
Promotion expenses	13,329	16,704	125,096
Commissions and charges	12,569	14,095	105,561
Other	35,599	41,831	313,275
Total	151,518	173,823	1,301,755

28. Other Income and Other Expenses

The details of other income are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Other income			
Gain on sales of fixed assets	258	53	398
Subsidy	293	774	5,801
Other	1,436	1,293	9,687
Total	1,987	2,121	15,886

The details of other expenses are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Other expenses			
Loss on disposal and sales of fixed assets	647	331	2,481
Impairment losses (Note)	431	177	1,332
Loss on voluntary recall of products	-	186	1,398
Other	934	1,041	7,800
Total	2,013	1,737	13,013

Note: Details of impairment losses are described in Note 15 "Impairment Loss of Nonfinancial Assets."

29. Finance Income and Finance Costs

The details of finance income are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Finance income			
Dividend income			
Financial assets measured at FVTOCI			
Investments derecognized during the year	204	60	453
Investments held at the end of the year	1,315	1,100	8,239
Subtotal	1,519	1,160	8,692
Interest income			
Financial assets measured at amortized cost	1,134	2,062	15,447
Subtotal	1,134	2,062	15,447
Derivative income	320	-	-
Other	97	33	248
Total	3,071	3,256	24,389

The details of finance costs are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Finance costs			
Interest expense			
Borrowings	238	395	2,961
Lease liabilities	249	294	2,205
Subtotal	487	689	5,166
Foreign exchange loss	-	235	1,764
Other	15	17	132
Total	503	943	7,064

30. Cash Flow

Reconciliation of liabilities arising from financing activities

The changes in liabilities arising from financing activities are as follows:

FY 3/2022 (From April 1, 2021, to March 31, 2022)

	(Millions of yen)			
	Long-term borrowings (Note 1)	Short-term borrowings	Lease liabilities	Derivative liabilities
Balance at April 1, 2021	43,645	4,285	21,601	19
Movement by cash inflow/outflow from financing activities	(3,509)	(52)	(5,507)	-
Acquisition	-	-	4,353	-
Exchange differences on translation of foreign operations	191	355	(991)	-
Fair value movement	-	-	-	(7)
Balance at March 31, 2022	40,326	4,588	19,455	11

FY 3/2023 (From April 1, 2022, to March 31, 2023)

	(Millions of yen)			
	Long-term borrowings (Note 1)	Short-term borrowings	Lease liabilities	Derivative liabilities
Balance at April 1, 2022	40,326	4,588	19,455	11
Movement by cash inflow/outflow from financing activities	(8,675)	(601)	(5,479)	-
Acquisition	-	-	3,287	-
Exchange differences on translation of foreign operations	230	353	1,613	-
Fair value movement	-	-	-	(10)
Balance at March 31, 2023	31,881	4,340	18,877	1

	(Thousands of U.S. dollars)			
	Long-term borrowings (Note 1)	Short-term borrowings	Lease liabilities	Derivative liabilities
Balance at April 1, 2022	302,006	34,366	145,703	87
Movement by cash inflow/outflow from financing activities	(64,974)	(4,507)	(41,035)	-
Acquisition	-	-	24,617	-
Exchange differences on translation of foreign operations	1,723	2,648	12,085	-
Fair value movement	-	-	-	(77)
Balance at March 31, 2023	238,756	32,507	141,371	10

Note 1: Long-term borrowings include long-term borrowings due within one year.

31. Other Comprehensive Income

The details of other comprehensive income and the amount arising during the current year, reclassification adjustments to profit or loss, and the related tax effects are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Items that will not be reclassified to profit or loss			
Equity instruments measured at FVTOCI			
Amount arising during the year	5,061	602	4,512
Before income tax effect	5,061	602	4,512
Income tax effect	(1,675)	4,282	32,074
Equity instruments measured at FVTOCI	3,386	4,885	36,586
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	(28)	(8,238)	(61,695)
Share of other comprehensive income of investments accounted for using the equity method	(28)	(8,238)	(61,695)
Remeasurements of defined benefit plans			
Amount arising during the year	1,107	3,106	23,262
Before income tax effect	1,107	3,106	23,262
Income tax effect	(339)	(928)	(6,955)
Remeasurements of defined benefit plans	768	2,177	16,307
Total items that will not be reclassified to profit or loss	4,125	(1,175)	(8,801)
Items that may be reclassified to profit or loss			
Debt instruments measured at FVTOCI			
Amount arising during the year	(5)	-	-
Reclassification adjustments	12	-	-
Before income tax effect	7	-	-
Income tax effect	(2)	-	-
Debt instruments measured at FVTOCI	4	-	-
Foreign currency translation differences on foreign operations			
Amount arising during the year	14,670	5,309	39,759
Reclassification adjustments	-	-	-
Before income tax effect	14,670	5,309	39,759
Income tax effect	-	-	-
Foreign currency translation differences on foreign operations	14,670	5,309	39,759
Cash flow hedges			
Amount arising during the year	112	403	3,023
Reclassification adjustments	(40)	(446)	(3,344)
Before income tax effect	71	(42)	(321)
Income tax effect	(21)	13	98
Cash flow hedges	49	(29)	(223)
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	1,204	3,824	28,639
Reclassification adjustments	-	-	-
Share of other comprehensive income of investments accounted for using the equity method	1,204	3,824	28,639
Items that may be reclassified to profit or loss	15,930	9,103	68,175
Total other comprehensive income	20,056	7,928	59,374

32. Earnings per Share

(1) Basic earnings per share	(Thousands of U.S. dollars)		
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Profit for the year attributable to owners of the parent (Millions of yen)	35,412	44,760	335,212
Weighted-average number of ordinary shares outstanding (One hundred shares)	1,030,964	1,015,384	
Basic earnings per share (Yen)	343.49	440.83	3.30

(2) Diluted earnings per share

	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Profit for the year attributable to owners of the parent (Millions of yen)	35,412	44,760	335,212
Profit adjustments (Millions of yen)	-	-	-
Diluted profit for the year (Millions of yen)	35,412	44,760	335,212
Weighted-average number of ordinary shares outstanding (One hundred shares)	1,030,964	1,015,384	
Adjustment due to stock acquisition rights to shares (One hundred shares)	5,936	6,187	
Adjustment of shares related to BBT (One hundred shares)	-	71	
Diluted weighted-average number of ordinary shares (One hundred shares)	1,036,900	1,021,643	
Diluted earnings per share (Yen)	341.53	438.13	3.28
Outline of dilutive shares without dilutive effect that were not included in the calculation of diluted profit	-	-	-

Note: The Company's shares held by the trust accounts related to the BBT are included in the treasury shares deducted in the calculation of the average number of common shares during the period for the purpose of calculating earnings per share. In the calculation of earnings per share, the average number of such treasury shares deducted during the period is 27,866 shares for the current fiscal year.

33. Share-Based Payments

(1) Stock options

1. Outline of share-based payments

The Company issues stock acquisition rights as stock options to directors, executive officers, and employees in order to motivate and inspire the recipients to enhance the Company's results and value of shares.

Exercise periods are defined in allocation contracts, and options expire if they are not exercised within the period.

The options will also be forfeited if a person granted with options retires from the Company, unless permitted in allocation contracts (e.g., expiration of the term).

The options granted are accounted for as equity-settled share-based payments.

Expenses arising from equity-settled share-based payment transactions recorded in selling, general, and administrative expenses of the consolidated statement of income amounted to ¥256 million and ¥317 million (\$2,374 thousand) for the years ended March 31, 2022 and 2023, respectively.

At the Annual General Meeting of Shareholders held on June 28, 2022, a resolution that the Company discontinued the stock option plan was made and no new stock options were granted to directors, executive officers and employees as remuneration for execution of duties.

The details of the Group's stock option plan are as follows:

	Grant date	Options granted (Shares)	Due date for exercise	Exercise price (Yen)	Fair value at grant date (Yen)	Fair value at grant date (U.S. dollars)
2nd	June 26, 2009	74,300	June 26, 2049	1	2,325	21
3rd	June 26, 2009	3,155	June 26, 2049	1	2,677	24
4th	June 26, 2009	11,284	June 26, 2049	1	2,677	24
6th	June 29, 2010	73,200	June 29, 2050	1	2,616	23
7th	June 29, 2010	5,710	June 29, 2050	1	3,003	27
8th	June 29, 2010	21,329	June 29, 2050	1	3,003	27
9th	June 29, 2011	73,200	June 29, 2051	1	2,141	19
10th	June 29, 2011	11,049	June 29, 2051	1	2,614	23
11th	June 29, 2011	22,677	June 29, 2051	1	2,614	23
13th	June 28, 2012	85,900	June 28, 2052	1	2,244	20
14th	June 28, 2012	8,666	June 28, 2052	1	2,709	24
15th	June 28, 2012	26,477	June 28, 2052	1	2,709	24
17th	June 26, 2013	80,000	June 26, 2053	1	3,003	27
18th	June 26, 2013	7,990	June 26, 2053	1	3,461	31
19th	June 26, 2013	26,914	June 26, 2053	1	3,461	31
21st	June 26, 2014	56,500	June 26, 2054	1	4,323	39
22nd	June 26, 2014	7,179	June 26, 2054	1	4,805	43
23rd	June 26, 2014	19,837	June 26, 2054	1	4,805	43
24th	June 25, 2015	52,300	June 25, 2055	1	4,692	42
25th	June 25, 2015	7,284	June 25, 2055	1	5,162	46
26th	June 25, 2015	17,141	June 25, 2055	1	5,162	46
28th	June 28, 2016	39,500	June 28, 2056	1	4,830	43
29th	June 28, 2016	4,249	June 28, 2056	1	5,322	48
30th	June 28, 2016	9,627	June 28, 2056	1	5,322	48
33rd	June 28, 2017	35,500	June 28, 2057	1	6,027	54
34th	June 28, 2017	11,048	June 28, 2057	1	6,841	61
35th	June 28, 2017	10,893	June 28, 2057	1	6,841	61
36th	June 27, 2018	33,600	June 27, 2058	1	7,247	65
37th	June 27, 2018	10,007	June 27, 2058	1	8,098	73
38th	June 27, 2018	9,377	June 27, 2058	1	8,098	73
40th	June 27, 2019	29,700	June 26, 2059	1	5,768	52
41st	June 27, 2019	7,120	June 26, 2059	1	6,749	60
42nd	June 27, 2019	7,537	June 26, 2059	1	6,749	60
43rd	June 25, 2020	30,000	June 25, 2060	1	8,195	74
44th	June 25, 2020	5,252	June 25, 2060	1	9,134	82
45th	June 25, 2020	7,481	June 25, 2060	1	9,134	82
48th	June 25, 2021	25,500	June 25, 2061	1	7,013	57
49th	June 25, 2021	4,055	June 25, 2061	1	7,886	64
50th	June 25, 2021	5,806	June 25, 2061	1	7,886	64
51st	June 28, 2022	28,700	June 28, 2062	1	8,030	60
52nd	June 28, 2022	3,937	June 28, 2062	1	8,951	67
53rd	June 28, 2022	5,743	June 28, 2062	1	8,951	67

2. Number of stock options and weighted-average exercise price

	FY 3/2022		FY 3/2023	
	(From April 1, 2021, to March 31, 2022)		(From April 1, 2022, to March 31, 2023)	
	Number of shares (Shares)	Weighted-average exercise price (Yen)	Number of shares (Shares)	Weighted-average exercise price (Yen)
Beginning balance of outstanding shares	607,629	1	590,514	1
Granted	35,361	1	38,380	1
Exercised	52,476	1	3,638	1
Expired	-	-	-	-
Expired at maturity	-	-	-	-
Ending balance of outstanding shares	590,514	1	625,256	1
Ending balance of exercisable shares	590,514	1	625,256	1

As of March 31, 2022, the exercise price of outstanding stock options was 1 yen and the weighted-average remaining contractual life was 33.71 years.

The weighted-average share price on the date of exercise for the fiscal year ended March 31, 2022, was ¥7,944.70.

As of March 31, 2023, the exercise price of outstanding stock options was 1 yen and the weighted-average remaining contractual life was 32.19 years.

The weighted-average share price on the date of exercise for the fiscal year ended March 31, 2023, was ¥8,740 (\$65.45).

3. Fair value measurement of stock options

The weighted-average fair value at the measurement date of the stock options granted during the years ended March 31, 2022 and 2023, was ¥7,256.45 and ¥8,262.29 (\$61.87), respectively.

To determine the expenses for share-based payments, the Black-Sholes option-pricing model is used to evaluate options.

The assumptions used for the Black-Sholes option-pricing model are as follows:

FY 3/2022 (From April 1, 2021, to March 31, 2022)

	48th	49th	50th
Stock price at grant date (Yen)	8,150	8,150	8,150
Volatility of stock price (%) (Note 1)	21.21	24.13	24.13
Estimated remaining outstanding period (Years) (Note 2)	11.2	2.4	2.4
Estimated dividend (Yen per share) (Note 5)	110	110	110
Risk-free interest rate (%) (Note 4)	0.11	(0.12)	(0.12)

FY 3/2023 (From April 1, 2022, to March 31, 2023)

	(U.S. dollars)		
	51st	52nd	53rd
Stock price at grant date (Yen)	9,230	9,230	9,230
Volatility of stock price (%) (Note 1)	21.98	25.27	25.27
Estimated remaining outstanding period (Years) (Note 2)	10.8	2.4	2.4
Estimated dividend (Yen per share) (Note 5)	120	120	120
Risk-free interest rate (%) (Note 4)	0.38	(0.06)	(0.06)

Note 1: The volatility of stock prices is determined based on the stock price history in the most recent period that corresponds with the expected remaining outstanding period from grant date.

2: The estimated remaining outstanding period is determined mainly based on the average duration of service.

3: The estimated dividend is determined based on the dividend during the period ended March 31, 2021.

4: The risk-free interest rate is determined based on the average compound rate of long-term government bonds whose maturity is close to the estimated remaining outstanding period.

5: The estimated dividend is determined based on the dividend (excluding the commemorative dividend) during the period ended March 31, 2022.

(2) Equity-settled and cash-settled share-based payment plan (BBT)

From the current consolidated fiscal year, the Company has introduced a framework referred to as BBT, which is a share-based payment plan for the directors and other executives, in order to increase motivation of directors to enhance the Group's performance and increasing corporate value over the medium to long term.

1. Outline of share-based payment plan

This is a share-based payment plan in which the company's shares are acquired through a trust using the funds contributed by the Company, and the Company's shares and cash equivalent to the market value of the Company's shares (hereinafter referred to as "Company Shares etc.") are granted to the Company's directors and executive officers, as well as certain directors of subsidiaries designated by the Company's Board of Directors excluding outside directors of the Company and such subsidiaries (hereinafter referred to as "Eligible Officers") in accordance with the share grant regulations for officers established by the Company and its subsidiaries. The initial performance measurement period is set to be three fiscal years starting from April 1, 2022 to April 1, 2024, and from April 1, 2023, each fiscal year will be considered the first year of a three-year performance measurement period. Eligible Officers excluding those who do not concurrently serve as the Company's directors or executive officers will be paid performance-linked and share-based payment linked to the

achievement ratio of the Company's consolidated performance indicators during each of the eligible periods, while those who do not serve as the Company's directors or executive officers will be paid fixed share-based payment according to their position, not linked to the Company's consolidated performance. The timing of distribution of Company Shares etc. to the Eligible Officers is basically at their retirement.

2. Share-based compensation expense

Expenses arising from the share-based payment plan recorded in selling, general, and administrative expenses of the consolidated statement of income amounted to ¥186 million (\$1,398 thousand) for the years ended March 31, 2023.

3. Fair value of granted points

There is no information to be reported as no points have been granted at the end of the current fiscal year.

4. Change in the number of points during the period

There is no information to be reported as no points have been granted at the end of the current fiscal year.

34. Financial Instruments

(1) Capital management

The Group manages its capital in accordance with a finance policy focused on financial health, equity profitability, and equity efficiency in order to maximize enterprise value with continuous growth as a going concern.

Comparison between net liabilities and equity of the Group is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Interest-bearing debts	64,371	55,099	412,635
Cash and cash equivalents	102,005	87,388	654,446
Interest-bearing debts (net)	(37,633)	(32,288)	(241,810)
Equity (equity attributable to owners of the parent)	407,660	430,427	3,223,448

(2) Financial risk management

The Group is exposed to a variety of risks, such as credit risk, liquidity risk, and market risk (foreign exchange risk and interest rate risk).

The Group utilizes derivatives, including forward foreign exchange contracts and interest rate swap contracts, to hedge market risk.

Derivative transactions are used according to the authorization policy set by the Group, and the Group does not have a policy to execute speculative transactions by utilizing derivative assets.

The Group funds required capital (mainly by bank loan) in accordance with the capital expenditure plan. Temporary surplus cash is invested in highly secured financial instruments, and short-term working capital is funded by bank loan.

The Group is always exposed to financial risks during corporate operation. The Group enters into risk management in order to minimize financial risks. The Group prevents the sources of the risks and tries to minimize risks when they are not avoidable.

(3) Credit risk management

Credit risk is the financial loss risk that a customer or counterparty of financial instruments will default on contractual obligations.

The Group is exposed to credit risks of customers associated with trade accounts receivable, trade notes receivable, and other receivables (loan receivables to customers).

The sales management and accounting departments of the Group monitor the financial situations of major customers on a regular basis in accordance with the Group's policy for trade receivables and also control due dates and outstanding balances for each customer.

The Group also identifies indications of concern regarding collections from the parties whose financial situations worsen and minimizes such risks. Concentration of credit risks on specific customer does not exist.

There is counterparty risk when the Group utilizes derivative transactions. The Group enters into derivative transactions generally with highly rated financial institutions in order to reduce credit risk.

For financial assets, the maximum exposure of the Group is the total of carrying amount after impairment disclosed in the consolidated financial statements and the balance of guarantee liabilities.

There is no material balance of overdue receivables, which has not been impaired.

Receivables with carrying amounts that are expected to be difficult to collect are recognized as impairment loss for the amount between the carrying and recoverable amounts.

The changes in allowance for doubtful accounts are as follows:

	(Millions of yen)				
	Expected credit losses in 12 months	Expected credit losses in lifetime			Total
Trade receivables		Financial assets whose credit losses increased significantly	Credit-impaired financial assets		
Balance at April 1, 2021	35	411	121	12	581
Increase	4	104	-	104	213
Decrease	(32)	(73)	-	(0)	(106)
Direct write-offs	-	(0)	-	-	(0)
Foreign exchange	-	23	-	0	24
Other	-	(19)	-	(2)	(21)
Balance at March 31, 2022	7	446	121	116	691
Increase	1	615	-	23	640
Decrease	(5)	(78)	-	-	(84)
Direct write-offs	-	(5)	-	-	(5)
Foreign exchange	0	17	-	2	19
Other	(0)	27	-	(29)	(2)
Balance at March 31, 2023	3	1,021	121	112	1,258

(Thousands of U.S. dollars)

	Expected credit losses in 12 months	Expected credit losses in lifetime			Total
		Trade receivables	Financial assets whose credit losses increased significantly	Credit-impaired financial assets	
Balance at March 31, 2022	59	3,340	907	872	5,180
Increase	10	4,608	-	177	4,795
Decrease	(44)	(588)	-	-	(632)
Direct write-offs	-	(43)	-	-	(43)
Foreign exchange	-	127	-	16	144
Other	-	207	-	(223)	(16)
Balance at March 31, 2023	25	7,653	907	839	9,425

(4) Liquidity risk management

Liquidity risk is the risk that the Group will encounter troubles in cash control due to changes in market environment or deterioration of financial results of the subsidiaries of the Group, or that the Group will have no alternative but to raise funds with costs substantially higher than usual.

Trade and other payables, interest-bearing debts, and other noncurrent payables are exposed to liquidity risk. The Group controls the risk by preparing and updating its cash flow plans on a timely basis and maintaining enough liquidity.

Maturity analysis of financial liabilities (including derivative financial instruments) is as follows:

FY 3/2022 (As of March 31, 2022)

	Carrying amount	Contractual cash flow	(Millions of yen)					
			Within 1 year	1 year-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
Nonderivative financial liabilities:								
Trade and other payables	123,251	123,251	123,251	-	-	-	-	-
Borrowings	44,915	45,027	13,242	8,595	8,377	8,096	4,839	1,876
Lease liabilities	19,455	22,805	4,241	3,257	2,526	2,058	1,225	9,495
Noncurrent guarantee deposit received	657	657	-	-	-	-	0	657
Other financial liabilities	250	250	-	250	-	-	-	-

	(Millions of yen)			
	Carrying amount	Contractual cash flow	Within 1 year	More than 1 year
Derivative financial liabilities:				
Interest rate swap contracts			11	11

FY 3/2023 (As of March 31, 2023)

	Carrying amount	Contractual cash flow	(Millions of yen)					
			Within 1 year	1 year-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
Nonderivative financial liabilities:								
Trade and other payables	140,346	140,346	140,346	-	-	-	-	-
Borrowings	36,222	36,329	12,948	8,342	7,934	4,210	1,440	1,452
Lease liabilities	18,877	22,633	5,145	3,400	2,239	1,437	1,321	9,088
Noncurrent guarantee deposit received	664	664	-	-	-	-	-	664
Other financial liabilities	314	314	314	-	-	-	-	-

	(Millions of yen)			
	Carrying amount	Contractual cash flow	Within 1 year	More than 1 year
Derivative financial liabilities:				
Interest rate swap contracts			1	1

(Thousands of U.S. dollars)

	Carrying amount	Contractual cash flow	Within 1 year	1 year-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
Nonderivative financial liabilities:								
Trade and other payables	1,051,048	1,051,048	1,051,048	-	-	-	-	-
Borrowings	271,265	272,068	96,974	62,476	59,421	31,535	10,785	10,875
Lease liabilities	141,371	169,497	38,532	25,465	16,770	10,766	9,900	68,062
Noncurrent guarantee deposit received	4,972	4,972	-	-	-	-	-	4,972
Other financial liabilities	2,357	2,357	2,357	-	-	-	-	-

(Thousands of U.S. dollars)

	Carrying amount	Contractual cash flow	Within 1 year	More than 1 year
Derivative financial liabilities:				
Interest rate swap contracts		7	7	-
				7

(5) Market risk management

Market risk is the risk that fair value of financial instruments or future cash flows will fluctuate due to changes in market prices. Market risk consists of foreign exchange risk, interest rate risk, and other price risk.

1. Foreign exchange risk control

Foreign exchange risk is the risk that fair values of financial instruments or future cash flows will fluctuate due to changes in foreign exchange rates.

In terms of imports in foreign currencies, the Group utilizes forward foreign exchange contracts to reduce risk. However, cost fluctuations greater than those expected may temporarily occur due to foreign exchange rate fluctuations.

The principal foreign exchange risk of the Group is the rise of purchase prices due to fluctuations in foreign exchange rates.

Sensitive analysis of foreign exchange rates

Assuming that the Japanese yen depreciates by 1% against the U.S. dollar, the effect on income before tax is as follows:

The effects of translation of financial instruments based on functional currency and assets, liabilities, income, and expenses of foreign operations are not included.

It is assumed that other currencies that are not used in this calculation remain constant.

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Income before tax	(366)	(837)	(6,268)

2. Interest rate risk management

Interest rate risk is the risk that fair values of financial instruments or future cash flows will fluctuate due to changes in market interest rate.

The Group is exposed to interest rate risk due to borrowing funds from financial institutions.

The Group is exposed to interest rate risk because the Group borrows funds with fixed interest rates and variable interest rates.

The Group reduces such risk by maintaining a balance of borrowings with fixed interest rates and variable interest rates and also utilizes interest rate swap contracts.

Sensitivity analysis of interest rates

Assuming that interest rates increase by 1% for the borrowings with variable interest rates and the expected original principal remains constant, the effect on income before tax of the Group is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Income before tax	82	105	788

(6) Fair value of financial instruments

1. Measurement of fair value of financial instruments

The measurements of major financial instruments are as follows:

(a) Equity securities

Marketable securities are measured using market prices at the end of each fiscal year.

Nonmarketable securities are measured in accordance with valuation techniques, including the net assets approach, market comparable approach, and the discounted cash flow approach.

The market comparable approach calculates the share value of the investee by selecting listed companies that belong to similar industries and analyzing their financial indicators.

Under the discounted cash flow approach, the fair value is calculated by capital cost and earnings.

(b) Investment trusts and bonds

Investment trusts and bonds are calculated based on the quoted price obtained from the financial institutions with which the Company has transactions.

(c) Derivatives

Derivatives are calculated based on the quoted price obtained from the financial institutions with which the Company has transactions.

(d) Borrowings

Borrowings with variable interest rates are stated at their book values because the book values approximate fair value.

The fair value of borrowings is the present value of remaining principal and interest discounted using a deemed interest rate on equivalent new borrowings.

2. Financial instruments measured at fair value on a recurring basis

The fair value hierarchy of financial instruments measured at fair value on a recurring basis in the consolidated statement of financial position is as follows:

FY 3/2022 (As of March 31, 2022)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative assets	-	103	-	103
Equity securities	79,462	-	3,771	83,233
Investment trusts	165	3,394	-	3,560
Bonds	50	100	-	150
Total	79,678	3,599	3,771	87,048
Financial liabilities:				
Derivative liabilities	-	11	-	11
Other	-	-	250	250
Total	-	11	250	262

FY 3/2023 (As of March 31, 2023)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative assets	-	50	-	50
Equity securities	45,493	-	3,645	49,139
Investment trusts	167	3,793	-	3,960
Bonds	50	100	-	150
Total	45,711	3,943	3,645	53,300
Financial liabilities:				
Derivative liabilities	-	1	-	1
Other	-	-	314	314
Total	-	1	314	316

(Thousands of U.S. dollars)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative assets	-	375	-	375
Equity securities	340,700	-	27,303	368,003
Investment trusts	1,252	28,409	-	29,662
Bonds	374	750	-	1,124
Total	342,327	29,535	27,303	399,166
Financial liabilities:				
Derivative liabilities	-	10	-	10
Other	-	-	2,357	2,357
Total	-	10	2,357	2,367

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2022 and 2023.

The changes in financial instruments categorized as Level 3 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Beginning balance	2,943	3,771	28,241
Gains and losses			-
Other comprehensive income (Note)	263	312	2,340
Purchases	604	-	-
Sales and settlements	-	(437)	(3,278)
Others	(40)	-	-
Ending balance	3,771	3,645	27,303

Note: Gains and losses recognized in other comprehensive income are included in "Financial assets measured at FVTOCI" in the consolidated statement of comprehensive income.

The changes in financial liabilities categorized as Level 3 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Beginning balance	212	250	1,879
Gains and losses (Note)	38	63	478
Ending balance	250	314	2,357

Note: The gains and losses included in profit or loss relate to financial liabilities measured at FVTPL at the consolidated statement of financial position date. These gains and losses are included in "Other expenses" in the consolidated statement of income.

If the unobservable inputs have been changed to reflect reasonably possible alternative assumptions, the effect is expected to be insignificant.

3. Financial instruments measured at amortized cost

The carrying amount and fair value of major financial instruments measured at amortized cost are as follows:

	(Millions of yen)				(Thousands of U.S. dollars)	
	FY 3/2022 (As of March 31, 2022)		FY 3/2023 (As of March 31, 2023)		FY 3/2023 (As of March 31, 2023)	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities						
Borrowings (Note)	40,326	40,207	31,881	31,392	238,756	235,096
Total	40,326	40,207	31,881	31,392	238,756	235,096

Note: Borrowings, including current portion of long-term borrowings, are mainly classified into Level 2 and Level 3. The fair value of borrowings is the present value of remaining principal and interest discounted using a deemed interest rate on equivalent new borrowings.

4. Valuation process

Fair values of financial instruments are measured in accordance with valuation policies and procedures approved by appropriate authorities, and the valuation method for each asset and liability is determined by the appraiser in the Group.

(7) Offsetting financial assets and financial liabilities

The following table presents the amounts of financial assets and liabilities offset in the consolidated statement of financial position and the amounts of financial assets and liabilities that are under enforceable master netting arrangements or similar agreements, but are not offset because they do not meet a part or all criteria for offsetting:

Rights to offset based on enforceable master netting arrangements or similar agreements are enforceable only in certain circumstances, such as default on obligations by counterparties due to bankruptcy or other reasons.

FY 3/2022 (As of March 31, 2022)

(Millions of yen)

	Gross amount of financial assets	Gross amount of financial assets and liabilities offset in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Financial instruments not offset in the consolidated statement of financial position	Net amount
Financial assets:					
Trade and other receivables	1,842	110	1,731	-	1,731
Total	1,842	110	1,731	-	1,731

(Millions of yen)

	Gross amount of financial liabilities	Gross amount of financial assets and liabilities offset in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Financial instruments not offset in the consolidated statement of financial position	Net amount
Financial liabilities:					
Trade and other payables	234	110	123	-	123
Total	234	110	123	-	123

FY 3/2023 (As of March 31, 2023)

(Millions of yen)

	Gross amount of financial assets	Gross amount of financial assets and liabilities offset in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Financial instruments not offset in the consolidated statement of financial position	Net amount
Financial assets:					
Trade and other receivables	1,580	116	1,464	-	1,464
Total	1,580	116	1,464	-	1,464

(Thousands of U.S. dollars)

	Gross amount of financial assets	Gross amount of financial liabilities offset in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Financial instruments not offset in the consolidated statement of financial position	Net amount
Financial assets:					
Trade and other receivables	11,837	870	10,966	-	10,966
Total	11,837	870	10,966	-	10,966

(Millions of yen)

	Gross amount of financial liabilities	Gross amount of financial assets and liabilities offset in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Financial instruments not offset in the consolidated statement of financial position	Net amount
Financial liabilities:					
Trade and other payables	202	116	85	-	85
Total	202	116	85	-	85

(Thousands of U.S. dollars)

	Gross amount of financial liabilities	Gross amount of financial assets offset in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Financial instruments not offset in the consolidated statement of financial position	Net amount
Financial liabilities:					
Trade and other payables	1,514	870	643	-	643
Total	1,514	870	643	-	643

(8) Derivatives and hedge accounting

The Company designates forward foreign exchange contracts as hedging instruments to hedge the variability of cash flows concerning foreign currency-denominated liabilities or forecasted transactions in foreign currencies, and designates interest rate swap contracts as hedging instruments to hedge fluctuations in cash flows related to borrowings with variable interest rates. Derivatives are managed according to the Company's internal rules, which stipulate authorization and limitation of transactions.

In order to reduce credit risk, the counterparties to these derivatives are limited to highly rated financial institutions.

Carrying amount and changes in fair values of hedging instruments by type of hedge accounting are as follows:

FY 3/2022 (As of March 31, 2022)

(Millions of yen)

Hedge type	Risk type	Hedging instrument	Notional amount	Carrying amount (fair value) (Note)	
				Assets	Liabilities
Cash flow hedges	Foreign exchange risk	Forward exchange transactions			
		Buying contracts			
		USD	1,835	103	-
	Interest rate risk	Interest rate swaps			
Fixed-rate payment, variable rate receipt		1,092	-	11	
	Total		2,928	103	11

The average rate applied to the forward foreign exchange contracts is ¥107.8 per U.S. dollar. The average interest rate applied to the interest rate swap contracts is 0.7%.

FY 3/2023 (As of March 31, 2023)

(Millions of yen)

Hedge type	Risk type	Hedging instruments	Notional amount	Carrying amount (fair value) (Note)	
				Assets	Liabilities
Cash flow hedges	Foreign exchange risk	Forward exchange transactions			
		Buying contracts			
		USD	2,670	50	-
	Interest rate risk	Interest rate swaps			
Fixed-rate payment, variable rate receipt		976	-	1	
Total			3,647	50	1

(Thousands of U.S. dollars)

Hedge type	Risk type	Hedging instruments	Notional amount	Carrying amount (fair value)	
				Assets	Liabilities
Cash flow hedges	Foreign exchange risk	Forward exchange transactions			
		Buying contracts			
		USD	20,000	381	-
	Interest rate risk	Interest rate swaps			
Fixed-rate payment, variable rate receipt		7,316	-	7	
Total			27,316	381	7

The average rate applied to the forward foreign exchange contracts is ¥126.3 per U.S. dollar. The average interest rate applied to the interest rate swap contracts is 0.7%.

Note: The amounts in the consolidated statement of financial position of current and noncurrent assets and liabilities are recorded in "Other financial assets" or "Other financial liabilities" based on their maturity dates.

The cash flows in cash flow hedges are expected to be generated in one month to one year for the forward foreign exchange contracts and one month to 10 years for interest rate swap contracts and are expected to have an effect on profit or loss in the same period.

The changes in cash flow hedges arising from hedge instruments designated as cash flow hedge are as follows:

FY 3/2022 (From April 1, 2021, to March 31, 2022)

(Millions of yen)

	Foreign exchange risk	Interest rate risk	Total
Balance at March 31, 2021	27	(13)	13
Amount arising during the year (Note 1)	110	1	112
Reclassification adjustments (Note 2)	(46)	5	(40)
Income tax effect	(19)	(2)	(21)
Balance at March 31, 2022	71	(8)	63

FY 3/2023 (From April 1, 2022, to March 31, 2023)

(Millions of yen)

(Thousands of U.S. dollars)

	(Millions of yen)			(Thousands of U.S. dollars)		
	Foreign exchange risk	Interest rate risk	Total	Foreign exchange risk	Interest rate risk	Total
Balance at March 31, 2022	71	(8)	63	537	(60)	476
Amount arising during the year (Note 1)	397	5	403	2,980	42	3,023
Reclassification adjustments (Note 2)	(451)	4	(446)	(3,382)	37	(3,345)
Income tax effect	16	(3)	13	122	(24)	98
Balance at March 31, 2023	34	(0)	33	258	(5)	253

Note 1: Changes in fair value of hedged items used as the basis for recognition of the ineffective portion of hedges match with the changes in fair value of hedged instruments.

2: Reclassification adjustments attributed to effects of hedged items on profit or loss are recognized under finance income or costs in the consolidated statement of income.

35. Related-Party Transactions

(1) Related-party transactions

FY 3/2022 (From April 1, 2021, to March 31, 2022)

Type	Name	Transaction	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)
Other related party	Intech Lease K.K.	Lease of vending machines	525	Lease liabilities	223

FY 3/2023 (From April 1, 2022, to March 31, 2023)

Type	Name	Transaction	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)	Transaction amount	Outstanding balance
Other related party	Intech Lease K.K.	Lease of vending machines	430	Lease liabilities	151	3,225	1,132

Note: Leases are executed after comparing quotations on general lease operations with other lease companies.

(2) Compensation of key management personnel

Compensation for the Group's directors and other executives is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Remuneration and bonuses	914	1,220	9,143
Performance-based stock compensation	-	171	1,282
Share-based payments	236	294	2,204
Total	1,151	1,686	12,629

36. Subsidiaries and Associates

(1) The Company does not own the majority of voting rights of KOIKE-YA Inc. However, the Company determined that it has control over KOIKE-YA Inc. and included it in the scope of consolidation, considering the fact that the Company holds 45.12% of the voting rights of KOIKE-YA Inc., the dispersion of voting rights in KOIKE-YA Inc., and the voting patterns exercised in KOIKE-YA Inc.'s past shareholders' meetings.

(2) Consolidated subsidiaries with material noncontrolling interests

Summarized financial information on the consolidated subsidiary with material noncontrolling interests is as follows:

Summarized financial information is based on amounts before elimination in consolidation.

NISSIN FOODS CO., LTD. (NISSIN FOODS CO., LTD. and its group companies)

1. General information

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Noncontrolling interests held by noncontrolling owner (%)	27.95	27.95	27.95
Accumulated noncontrolling interests of the subsidiary	19,765	19,520	146,184

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Profit allocated to the noncontrolling interests of the subsidiary	1,751	2,007	15,030

2. Summarized statements of financial position

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Current assets	50,241	44,836	335,774
Noncurrent assets	32,430	34,077	255,201
Current liabilities	16,278	14,692	110,027
Noncurrent liabilities	1,260	1,330	9,960
Equity	65,133	62,890	470,988

3. Summarized statements of income and comprehensive income

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Revenue	57,255	68,905	516,026
Profit	4,835	6,227	46,633
Comprehensive income	6,255	2,929	21,935

4. Summarized statements of cash flows

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2023 (From April 1, 2022, to March 31, 2023)	FY 3/2023 (From April 1, 2022, to March 31, 2023)
Net cash from operating activities	4,777	9,382	70,261
Net cash from investing activities	(5,103)	(3,747)	(28,061)
Net cash from financing activities	(5,043)	(10,270)	(76,911)
Effect of exchange rate changes on cash and cash equivalents	3,853	(453)	(3,392)
Net decrease in cash and cash equivalents	(1,515)	(5,089)	(38,103)

37. Commitments

Commitments on payment after the end of each reporting period are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2022 (As of March 31, 2022)	FY 3/2023 (As of March 31, 2023)	FY 3/2023 (As of March 31, 2023)
Commitments to purchase property, plant, and equipment	4,994	15,845	118,667

38. Subsequent events

There are no relevant matters.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
NISSIN FOODS HOLDINGS CO., LTD.:

Opinion

We have audited the consolidated financial statements of NISSIN FOODS HOLDINGS CO., LTD. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside 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 provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 the matter.

Revenue recognition (Note 7. Segment Information and Note 26. Revenue)	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As disclosed in Note 7. "Segment Information" and Note 26. "Revenue" to the consolidated financial statements, revenue recognized for the NISSIN FOOD PRODUCTS segment amounted to ¥220,204 million for the year ended March 31, 2023, which accounted for 32% of the Group's total consolidated revenue.</p> <p>The NISSIN FOOD PRODUCTS segment mainly consists of NISSIN FOOD PRODUCTS CO., LTD. ("Nissin Food Products"), which manufactures a wide variety of bag-type and cup-type noodles in their five domestic factories and sells to both wholesalers and retailers through Japanese trading companies.</p> <p>The revenue is calculated by multiplying the unit price registered in the Enterprise Resource Planning ("ERP") system by sales quantities entered into the ERP system based on orders received and fixed upon shipment. Nissin Food Products constantly launches new products, which requires Nissin Food Products to register new unit prices in the ERP system frequently. Nissin Food Products also sells a wide variety of products in large quantities on a daily basis, which generates a high volume of shipment and sales data.</p> <p>There are automated internal controls in place to mitigate risks of material misstatements in the sales process such as order receipt, shipping, recording of sales, billing and cash collection, which are all processed in the same ERP system. However, the Nissin Food Product's revenue process also includes manual controls. As such, as more unit prices are registered in the ERP system and shipping volumes increase, the higher the possibility that revenue is inaccurately recognized due to inappropriate unit price and sales quantities entered into the system.</p> <p>Accordingly, we determined the accuracy of revenue recognition to be a key audit matter.</p>	<p>In order to evaluate the accuracy of revenue recognition, we performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> • We tested the design and operating effectiveness of controls over sales processes related to order receipt, shipping, billing and recording of sales, specifically processes to ensure that the sales information was complete and accurate in the ERP system. • With the assistance of our Information Technology ("IT") specialists, we tested the effectiveness of general IT controls such as access controls, change management controls and IT operation controls of the ERP system that support the sales processes. • We analyzed revenues by department and by customer in order to identify unusual transactions or trends, such as unexpected achievement of profit targets, significant fluctuations and high-margin transactions. • We analyzed revenues by product brand based on sales quantities in order to identify unusual transactions or trends. • We selected samples of revenue transactions using a non-statistical method and inspected supporting documents, such as details of payment issued by customers and bank statements in order to test the accuracy of revenue.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Financial Data Book, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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 IFRSs 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.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over 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 an 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. The procedures selected depend on the auditor's judgment. In addition, we 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, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing 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 overall presentation and disclosures of the consolidated financial statements are in accordance with IFRSs, as well as 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 Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board 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 Audit & Supervisory Board members and the Audit & Supervisory Board, 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.

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 Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC
September 8, 2023