Financial Data Book

For the year ended March 31, 2022

Business Status

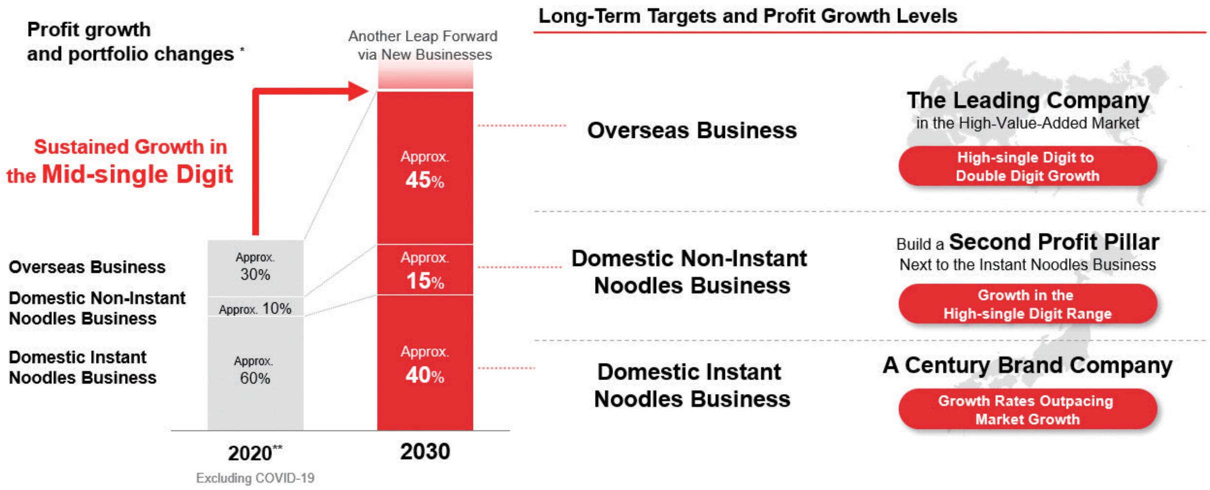
1. Management Policy, Business Environment, Issues to Address, Etc.

Matters discussed here that are not historical fact reflect the judgment of the NISSIN FOODS Group as of the end of the current consolidated fiscal year.

(1) Management Policy
The NISSIN FOODS Group (hereinafter, the “Group”) is a food culture creation group striving to create new food cultures based on the four tenets of our founder: Shoku-soku Se-hei *(Peace will come to the world when there is enough food)*, Shoku-so I-sei *(Create foods to serve society)*, Bi-ken Ken-shoku *(Eat wisely for beauty and health)*, and Shoku-i Sei-shoku *(Food related jobs are a sacred profession)*. We aim to embody the group philosophy of being an “EARTH FOOD CREATOR” by being an organization that creates food cultures founded in these principles and activities, growing and achieving sustainable growth while solving environmental and social issues.
As a comprehensive food company group, we create and nurture No. 1 brands across all categories, seeking to become a *brand-creation company* consisting of a collection of No. 1 brands. In this way, we endeavor to secure and enhance corporate value, pursuing common interests with shareholders as we build an unshakable management foundation.

(2) Management Strategy
The Group has formulated the Mid- to Long-Term Growth Strategy 2030. Under this strategy, we will pursue the following three growth strategies to achieve our vision and sustainable growth.

1) Strengthen the Cash-Generation Capabilities of Existing Businesses
We will make a significant shift in our profit portfolio through aggressive growth in Overseas and Non-Instant Noodles Businesses, while pursuing sustainable growth.



*Real operating profit growth rate, excluding the impact of non-recurring income and expenses and the impact of currency conversion to the yen during consolidation
**Figures for 2020 (FY 3/2021) are approximate figures calculated by deducting Japan and other segment net loss and impairment loss, extraordinary gains, and other income and expenses, as well as the impact of COVID-19, which was a significant factor in the profit increase over FY 3/2020 through FY 3/2021, from FY 3/2021 operating profit under the International Financial Reporting Standards (IFRS).

(i) Overseas Business (The Leading Company in the High-Value-Added Market)
We intend to further clarify and establish the competitive advantages of *CUP NOODLES* as a global brand by core value and by area, leveraging the brand as a core driver of future growth. We will develop brand strategies into operational strategies in line with the stage of each market and business, targeting a higher level of rapid growth using M&A and other means.

(ii) Domestic Non-Instant Noodles Business (Second Profit Pillar)
We will leverage growth and profitability improvement in each business, focusing on added value by pursuing group synergies in both supply and demand sides of our businesses. In terms of segments, this refers to Chilled/Frozen Foods and Beverage Business and the Confectionery Business. We call this segment Non-Instant Noodles, showing our strong intent to shift our portfolio. Although the overall scale in terms of profit is still roughly 5 billion yen, we continue to increase profits steadily, refining our respective No. 1 position. Over the past five years, growth has been around 20% each year, even when eliminating the impact of COVID-19.

Our strategic goal is to grow these profits to more than 12 billion yen in 10 years, which will account for about 15% of total profits.

(iii) Domestic Instant Noodles Business (A Century Brand Company)
We will deepen efforts to develop demand, achieve brand penetration, develop markets, and strengthen supply capabilities to continue to grow over the medium to long term, steadily increasing sales and profits, even in mature markets. Over the past five years, we continued to grow by more than 2% in real terms, despite the depreciation burden associated with plant investment and various cost increases. We aim for sustainable growth by delving deeper into the initiatives that support this growth.

2) EARTH FOOD CHALLENGE 2030
We will maximize our ability to coexist in harmony with the Earth to extend the life cycle of our existing businesses significantly, while raising the bar through higher levels of *Food Tech*, a source of competitiveness.

	EARTH FOOD CHALLENGE 2030			Most recent results
Challenge to Effectively Use Resources	Source Sustainably	Sustainable palm oil procurement ratio	100%	36% *January to December 2021
	Conserve Natural Resources	Water Usage Per million yen of revenue (IFRS basis)	12.3m³ or less	11.3m³ *January to December 2021
	Create a World without Waste	Total Waste Reduction vs FY3/2016 (Japan)	△50%	△38.9% *April 2020 to March 2021
Challenge to Climate Change	Manufacture with Green Electricity	Reduction of CO_2 Emissions : Scope 1 + 2 vs FY3/2019	△30%	2.7% *January to December 2021
	Develop with Green Ingredients / Complete with Green Packaging	Reduction of CO_2 Emissions : Scope 1 + 2 vs FY3/2019	△15%	8.5% *January to December 2020

3) Pursue New Businesses

While the modern diet has become one of richness, this diet has coincided with the rise of new health issues, including excessive calories from over satiety and malnutrition stemming from an unbalanced diet. The NISSIN FOODS Group will be solving the global social issue by increasing the value of food.

Mission What to Achieve

1. To make Japan a nation on the cutting edge of preventive medicine
2. To resolve food desert issues at a global scale

Vision Who to Become

A FUTURE FOOD CREATOR,
Leading World Food Culture Through Creativity and Food Technology

Value How to Achieve

1. Through our delicious complete nutrition meals, we will contribute to the improvement of people's health and diet, resolving social issues such as preventing illness and extending healthy life expectancy.
2. By uniting values of food and advanced technology, we will lead the global food scene through the creation of new and unique future foods.

FUTURE FOOD CREATOR NISSIN

Food Desert Issues

This applies to areas where residents have no nearby grocery stores to go to, nor have methods of transportation. Poor access to fresh food can lead to health issues such as obesity or malnutrition. Due to its severity, research/policies are being implemented in European countries as well as United States.

(a) Develop a Complete Nutrition Meal Business

We seek to create a world where anyone can eat whatever they want, as much as they want, whenever they want by developing Complete Nutrition Meals that offer a balance of deliciousness and nutrition, available quickly and in any place. To this end, we contribute to well-being through food by developing our business in employee cafeterias as part of health management initiatives, by providing delicious meals that improve quality of life for patients in collaboration with medical institutions, by extending the healthy life expectancy of seniors and supporting measures against frailty, and by promoting health in smart cities.

(b) Commercialization: Create New Markets for *KANZEN MEAL* products

We launched the *KANZEN MEAL* brand, which offers a perfect balance of 33 nutrients and delicious taste. By offering a broad lineup of products across a wide range of categories, we provide new value to many people in a variety of settings.

(3) Objective Indicators for Determining Achievement Status of Management Goals

1) Approach to Sustainable Profit Growth

We have defined core operating profit of existing businesses as an indicator showing the real growth of our existing businesses, which serve as the foundation for growth investment. Here, we have set growth in the mid-single digits as our core economic value target.

Core operating profit growth for existing businesses refers to operating profit, less profit or loss related to new businesses and non-recurring income (other income and expenses). This indicator clarifies the profit or loss from new businesses for which we plan aggressive and ongoing upfront investments in and after FY 3/2022, as defined in our Mid- to Long-Term Growth Strategy. We use this indicator to measure real growth in new businesses, which serve as the foundation for growth investment.

We believe that this is an important business management indicator for the Group to use in its targeting sustainable growth over the medium to long term. Core operating profit of existing businesses is also a useful piece of data for investors who use our financial statements to evaluate the Group's business performance.

2) Mid- to Long-Term Economic Value Targets

We pursue non-financial targets in parallel with four mid- to long-term economic value targets for Creating Shared Value(CSV) management: (1) sustainable profit growth, (2) efficient use of capital, (3) safe use of debt, and (4) stable shareholder returns.

Value Classification		Management Indicators	Mid- to Long-Term Targets
Financial	Growth Potential	Core Operating Profit Growth Rate[1] for Existing Businesses (Constant Currency)	Mid-single Digits
	Efficiencies	ROE	10% over the long term
	Safety	Net Debt/EBITDA Ratio	≦ 2x
	Stable Shareholder Returns	Dividend Policy	Progressive Dividends
		Relative TSR vs. TOPIX (Foods)[2]	>1x
Non-Financial [3]	Effective Use of Finite Resources	Sustainable Palm Oil Procurement Ratio[4]	100%
		Water Usage (per million yen of revenue (IFRS basis))	12.3m^3 or less
		Total Waste Reduction (compared to FY 3/2016/Japan)	-50%
	Reduce Climate Change Impact	Reduction of CO_2 Emissions (Scope 1+2) (compared to FY 3/2019)	-30%
		Reduction of CO_2 Emissions (Scope 3) (compared to FY 3/2019)	-15%

[1] A non-GAAP key performance indicator calculated by deducting other income and expenses (defined as income/expenses from new businesses targeted by aggressive up-front investment and non-recurring income/expenses) from IFRS operating profit

[2] We calculate relative TSR (TOPIX Foods comparison) based on the following formula.

$$\text{TSR} = \frac{\text{TSR for the Target Period}}{\text{TOPIX Foods Growth Rate for the Target Period (including dividends)}}$$

$$= \frac{(B + C) \div A}{E \div D}$$

A: Average of the closing price of the shares of Nissin Foods Holdings Company Limited (hereinafter, the “Company”) during the three-month period from January to March for the three fiscal years prior to the current fiscal year

B: Average of the closing price of the Company's shares during the three-month period from January to March of the current fiscal year

C: Cumulative total of dividends per share for the past three fiscal years, including the current fiscal year

D: Average closing price of TOPIX Foods (including dividends) for the three-month period from January to March for the three fiscal years prior to the current fiscal year

E: Average closing price of TOPIX Foods (including dividends) for the three-month period from January to March of the current fiscal year

[3] Non-financial targets reflect FY 3/2031 figures

[4] Based on external certifications and independent assessments

(4) Business Environment

Due to concerns about inflation and increasing geopolitical risks, the future outlook to full economic recovery remains uncertain.

In response to this environment, the Group will work toward achieving our vision and sustainable growth based on the Mid- to Long-Term Growth Strategy 2030.

1) Initiatives for Sustainable Growth

The NISSIN FOODS Group philosophy is to be an “EARTH FOOD CREATOR” that contributes to society and the Earth by offering fulfillment to humankind through enjoyment and joy of food. Based on this philosophy, we seek to become a company contributes to society through developing eco-friendly containers and products that support health consciousness. In this context, we see Environment, Social and Governance (ESG) issues such as climate change, aging societies, and growing populations as opportunities for growth. Likewise, the United Nations Sustainable Development Goals represent opportunities to grow. In recognition of our ESG efforts, we were selected as a constituent stock of the World Index of the Dow Jones Sustainability Indices for global ESG investment for the second consecutive year since 2020. We have also been selected for the Asia/Pacific Index for the fourth consecutive year since 2018. By engaging in (CSV) management for the Group, which embodies the founding spirit underlying our group philosophy, we pursue both social and economic value and strive to improve our corporate value on a continuous basis.

2) Mid- to Long-Term Environmental Strategy
EARTH FOOD CHALLENGE 2030 is the unique mid- to long-term environmental strategy of the NISSIN FOODS Group. Engaging with high-priority environmental issues and increasing our ability to coexist with the environment, we avoid the risk of future decline in our existing businesses and sustain business life cycles over the long term.

More specifically, we engage with two issues: resources and climate change. To address resource issues, we strive for environmentally friendly procurement in procuring palm oil in consideration of the environment and human rights, in conserving global resources through such actions as saving water used at our production plants and pursuing a world without waste through recycling and by reducing food waste. Through these actions, we make effective use of limited resources.

Regarding climate change issues, we strive to reduce our greenhouse gas emissions by procuring green electricity from renewable sources for use in our businesses and by leveraging green ingredients and green packaging, replacing such materials with materials having less environmental impact.

3) COVID-19 Initiatives
In response to the spread of COVID-19, we consider it a social responsibility to ensure both employee safety and the stable supply of our products. We have taken prompt and appropriate measures to secure employee safety, to understand demand trends, raw material supply, distribution, etc.

(i) Ensuring Employee Safety
Given the government stay-at-home orders, we secured the employment of our staff and recommended work from home arrangements, valuing employee health as our highest priority.

We created an environment that minimizes the number of employees physically commuting to work. These measures include online meetings and approval procedures that do not use physical stamps or seals. When commuting to work is necessary, we implement detailed infection control measures, including staggered shifts, social distancing in the workplace, temperature checks, hand washing, and mask wearing.

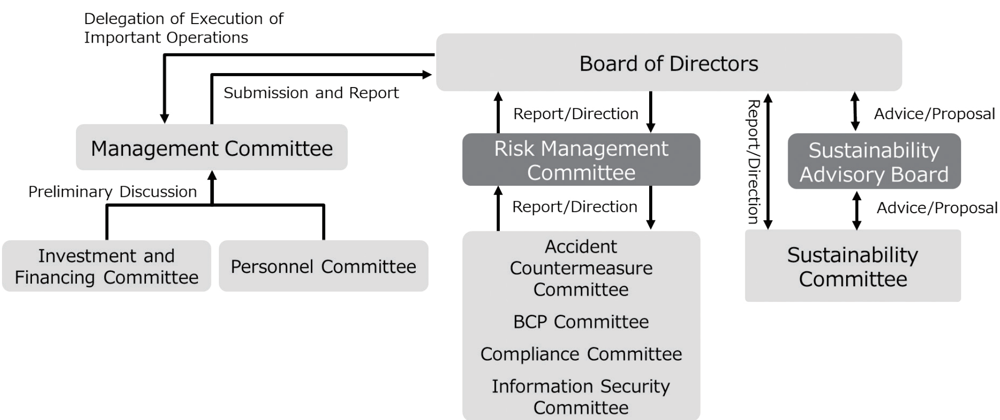
(ii) Systems for Stable Product Supply
To ensure a stable supply of products, production plant employees commute to work as usual, while taking ample measures against COVID-19 in our production system, which is based on meticulous hygiene standards.

We created an efficient system to boost production, focusing on our major brands to provide our customers with food, a key element of lifestyle infrastructure.

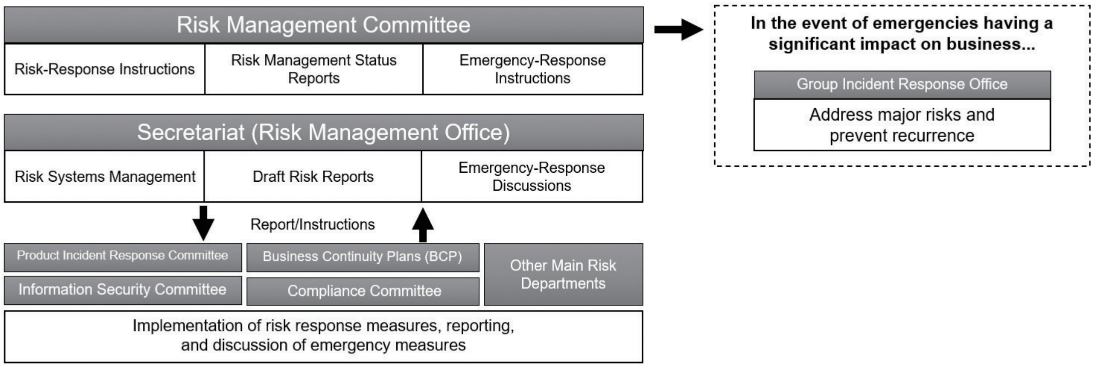
2. Business and Other Risks

(1) Definition of Risks and Management System
The NISSIN FOODS Group defines risk as uncertainties affecting the Group's revenues and profits. Risks have both positive and negative impacts. We classify positive and negative impacts generated by businesses and investments made by the Group in a changing environment as opportunities. We classify the negative impacts caused by incidents as risks. The Investment and Financing Committee, the Management Committee, and the Board of Directors determine opportunities. The Risk Management Committee manages risks .

The Group established the Risk Management Committee, which is chaired by the Vice President and Chief Operating Officer (COO). The committee strives to prevent, discover, manage, and take action against various risks related to the NISSIN FOODS Group based on the NISSIN FOODS Group Regulations for Risk Management. In particular, we classify product incidents, our Business Continuity Plan (BCP), compliance, and information security as priority risks for the Group, and we have set up committees to take action in these areas. We also established organizations to address environmental and safety risks under the Sustainability Committee. When a serious environmental accident occurs, we take immediate action according to our manuals, controlling and resolving the situation in question.



(2) Specific Activities of the Risk Management Committee
The Risk Management Committee establishes a unified overview of risks, identifies risks among each supervising department, and directs the establishment of a mechanism to prevent risk events. If a risk event occurs that has significant impact on the NISSIN FOODS Group, we establish a Group Incident Response Office, which takes rapid action to handle the risk event and prevent recurrence. Once each fiscal year, based on risk assessment reports from the chief officers and presidents of each operating company, we assess individual risks on a four-stage scale on a two-dimensional risk map. The axes of the risk map indicate the likelihood and degree of impact related to said risks. Based on this risk map, we determine management policy for each risk and report the status of management to the Board of Directors.



(3) Matters That May Have a Material Impact on Investor Judgment
The following are matters that may have a material impact on the judgment of investors. Matters listed here that are not historical fact reflect the judgment of the Group as of the end of the current consolidated fiscal year.
1) Product Liability
As a food manufacturer, it is our mission to provide safe and secure food products to our customers. We have established strict quality control standards for our production. To prevent foreign matter from entering our manufacturing plants, we implement thorough hygiene management procedures. These procedures include employees changing into a special work uniform prior to entering the production area to prevent hair contamination, non-contact automated temperature checks, use of adhesive rollers, hand washing, air drying, alcohol disinfection, shoe cleaning, and air showers. To ensure that products meet quality standards, we also conduct microbiological inspections, tests for oxidation or peroxides in frying oil, exterior appearance inspections, and weight inspections. To facilitate automated tracing of raw materials used in our products, we track information including lot numbers, manufacturing dates, and suppliers. We have a system in place to investigate the cause of any problems that may occur. This system consists of traceability, quality control cameras, and biometric identification equipment. In addition, we purchase product liability insurance against cases in which we may be held liable for a product liability incident. In the event of a product liability incident that results in a claim for damages or a product recall, there is no guarantee that such insurance will cover the entire amount of compensation. This eventuality could damage our social reputation and corporate image, discourage consumers from purchasing our products, having a negative impact on the Company’s financial position and business performance.

2) Food Safety and Security
Our code of conduct states: “Efforts shall be made to create and develop products and services which prioritize health and safety of the public” and “Products and services should not in any way harm the bodies and properties of consumers. Issues caused by such quality problems shall be addressed and solved promptly with good faith. To achieve these aspirations, we established our own quality assurance system driven by the Global Food Safety Institute. In this way, we enhance the safety of raw materials and quality control systems at each plant. The Institute analyzes raw materials for hazardous and radioactive substances such as pesticides, veterinary drugs, and heavy metals, also checking for the presence of genetically modified agricultural products and allergenic substance contamination. Tests also confirm the nutritional composition of final products. In addition, we conduct audits based on Nissin’s Inspection Standards for Food Safety (NISFOS), evaluating the state of manufacturing management at each plant across five categories: (1) food safety management; (2) pest control; (3) manufacturing practices; (4) maintenance (periodic equipment inspections); and (5) cleaning activities. We are proposing improvement measures to address the issues identified in these audits. However, if a food safety issue arises in the future that exceeds our projections, or even if said issue is not related directly to our products, potential damage due to rumors harming the reputation of our products could have a negative impact on the Company’s financial position and business performance. In this age of easy access to global information, food safety issues that occur overseas could have a significant impact on the domestic market. Since 2006, Shanghai Food Safety Institute in China has been working on quality assurance for raw materials destined for China and Japan by conducting analyses similar to the Global Food Safety Institute in Japan.

3) Disasters and Accidents
The Company operates numerous offices and factories in Japan and overseas. We established a business continuity plan (BCP) to prepare against large-scale earthquakes, typhoons, windstorms, floods, and other natural disasters in relevant regions. We also established a BCP Committee and conduct periodic reviews of our BCP. We believe it is our social responsibility to ensure the safety of our employees and the stable supply of our products during the COVID-19 pandemic. We established an environment to support telecommuting through the use of online conferencing, etc., and our plants have taken prompt and appropriate measures in conjunction with a production system based on advanced hygiene standards. However, if sales offices or plants suffer damage due a large-scale earthquake, flood, or other large-scale natural disaster, or if the spread of a serious infectious disease (such as COVID-19) causes interruptions in our product supply system (increase in infected individuals, etc.), such could have a negative impact on the Company's financial position and business performance. To avoid such risks to the greatest extent possible, we will establish a disaster response headquarters in line with BCP and in accordance with the situation, utilizing a system to maintain the production and supply systems. We will do so while protecting the lives of our employees and placing the highest priority product supply in line with our mission as a food company.

4) Compliance
The Group does business at locations around the world. We may be liable for violations of the laws, regulations, or social norms such as corporate ethics, of the various countries where we do business. Liabilities may include legal punishments such as criminal penalties, administrative sanctions, liability for damages, and social sanctions. Such an event could result in harm to the trust in the Group and in reduced brand value. In response to these risks, we hold meetings of the Compliance Committee in principle once per quarter, chaired by the Director, Chief Strategy Officer (CSO), and Managing Executive Officer. At these meetings, we share trends regarding consultations and reports to our whistleblower hotline, share information about incidents, explore measures to prevent risks (including preventing recurrence), and take other action. In addition, the Compliance Committee Secretariat, which consists mainly of the Legal Department Compliance Group, and the Compliance Promotion Managers assigned to each company and department are in charge of addressing various issues and cases as persons involved in practical business.

5) Information Security
The Group uses information systems to manage information related to production, sales, management, etc. In operating these information systems, we employ all possible measures to prevent system outages and leakage of internal information to outside parties in the event of a failure or malfunction of system equipment, or in the event of an electronic attack from outside the company. However, in the event of a system failure or leakage of internal information to outside parties occurs due to a greater-than-expected large-scale global failure or unauthorized access facilitated by unknown technology, such may affect our financial position and business performance. To avoid or reduce such risks to the greatest extent possible, we established the Cybersecurity Strategy Office in September 2021. This office is a specialized organization to lead in the formulation of company-wide security strategies, incident response in emergency situations, and education and awareness-raising.

6) Environment
The Group may be affected by climate change and resulting natural disasters in a variety of ways. These impacts may include rising raw material prices, damage to manufacturing plants, the introduction of carbon pricing systems, and changes in consumer behaviors. Therefore, we conduct scenario analyses in accordance with recommendations by the Task Force on Climate-Related Financial Disclosures, engage in ongoing analysis and assessment of the impacts of risk and opportunity factors on our business performance based on scientific evidence, and work to establish strategies for with future uncertainties. Amid these circumstances, we formulated our EARTH FOOD CHALLENGE 2030 environmental strategy in April 2020. Under this strategy, we set goals for climate change initiatives and the effective use of resources. In particular, we identified the reduction of CO_2 emissions as an important issue. Here, we established targets certified by the Science Based Targets (SBT) initiative (30% reduction in the total of Scope 1 and 2 emissions worldwide versus FY 3/2019, 15% reduction for Scope 3). In February 2021, we joined the international Renewable Energy 100% initiative, which targets 100% procurement of electricity from renewable energy for use in business activities. We set renewable energy procurement targets of 60% for business activities in Japan and overseas by FY 3/2031 and 100% for business activities in Japan and overseas by FY 3/2051. To meet these goals, we are working to switch to electricity from renewable energy, primarily for our manufacturing plants in Japan and overseas, taking action to mitigate regulatory compliance risk.

7) Damage to Brand Value
Our mainstay products in Japan, including *CHICKEN RAMEN* and *CUP NOODLE*, have long been popular due to their technological and commercial strengths. However, the instant noodle market sees the introduction of many new products every year. There is a risk that the brand value of our products may decline due to groundbreaking technological innovations by other companies or a change in values, especially among younger consumers. Considering such risks, we resist the status quo, striving to improve the brand value of our mainstay products by evolving and innovating on a constant basis, responding to changing needs and attracting new customer segments. Overseas, we engage in marketing activities to enhance brand value by capturing differences in market environments and consumer values in every major region, focusing on the global branding strategy for *CUP NOODLES*.

8) Decline in the Fair Value of Securities

The Group may hold stocks and other securities as deemed necessary to earn dividends and capital gains. From a management strategy standpoint, we hold certain securities to improve corporate value over the medium to long term, building strong relationships with business partners and encouraging smooth business through efficient, stable transactions and business alliances. We may be required to record impairment losses for securities held by the Group due to a decline in fair value caused by future weaknesses in market conditions or poor performance of parties in which we have invested. The recording of impairment losses may affect the financial condition and business performance of the Group. At a meeting held on April 7, 2021, the Board of Directors resolved to reduce cross-shareholdings by 10 billion yen over the next two years. At a meeting held on April 6, 2022, the Board of Directors resolved to continue this policy.

9) Fixed Asset Impairment

The Group owns a variety of fixed assets for use in our businesses. It may become necessary to record impairment losses for these fixed assets depending on the future profitability generated by such assets. The recording of impairment losses may affect the financial condition and business performance of the Group. To reduce these and other risks, the Financing Committee examines the economic rationality in detail based on internal standards. The committee makes investment decisions accordingly and monitors subsequent investment impact on a continued basis.

10) Exchange Rate Fluctuations

The Group does business on a global scale. Our main foreign exchange risk is a sharp rise in purchase prices denominated in foreign currencies due to fluctuations in foreign exchange rates. However, we mitigate this exchange rate risk through measures such as forward exchange contracts. In addition, to prepare consolidated financial statements, we convert the financial statements prepared in local currencies at each overseas area into Japanese yen, which is our functional currency. Therefore, exchange rate fluctuations may affect the financial position and business performance of the Group.

11) Human Resources

In Japan, the decline in the working-age population and the transformation of work styles in the wake of the COVID-19 pandemic have made it a challenge to secure and train talented human resources in an appropriate manner. This is particularly true when searching for human resources capable of responding to the expansion of global business domains, which may affect corporate management and major businesses. We established the Diversity Committee and continue to make efforts in the interest of creating a work environment inclusive of diverse human resources and in which individuals may demonstrate their talents fully. We also strive to secure human resources, taking action that includes the 2013 establishment NISSIN BUSINESS SUPPORT PLUS to promote the employment of persons with disabilities. We have also implemented a Smart Work project as part of work-style reforms, as well as other initiatives to encourage highly flexible and productive work styles. These efforts include a flextime system without mandatory core hours, more robust work and IT systems to enhance telecommuting, and other actions for reducing overtime hours and improving paid leave usage rates.

12) Fluctuations in Raw Material Prices

The major raw materials we use in our products are agricultural products, such as flour and palm oil, as well as petroleum products used in packaging. Prices for these materials may fluctuate based on market conditions. Factors causing materials prices to rise in their respective countries of origin include political instability, international conflict, or poor crop yield due to unseasonable weather driven by global warming. These factors have been mounting in intensity. A rise in raw materials prices may affect the business performance of the Group. To address these issues, we strive to bolster our system for providing stable product supply, maintaining a constant understanding of market data and making purchases at appropriate timings. In addition, we reduce the risk of price increases by diversifying our pool of suppliers and origins for sourcing raw materials. NISSIN FOODS HOLDINGS leads joint procurement efforts for raw materials produced in various countries for our strategic *CUP NOODLES* product, which has led to stable supply and reduced costs. However, in the event of a prolonged decrease in supply due to climate change or tighter environmental regulations, intensified procurement competition due to increased international demand, unexpectedly high crude oil prices, geopolitical risks, and other events, raw material price hikes or procurement price increases due to changes in import sources and routes, etc., such eventualities could have a negative impact on the Company’s financial position and business performance. The Company strives to bolster supply systems to ensure stable procurement. Here, we monitor information related to raw material procurement on a constant basis, including information on international conditions and market conditions. Further, we continue to build system capable of responding quickly to change.

13) Logistics

Market supply capacity may stagnate in the future due to issues in the logistics industry, including shortages of drivers and warehouse workers. To address this risk, we have endorsed the *White Logistics* movement, submitting a declaration for voluntary action. This declaration includes extending lead times with support from customers, utilizing palettes and other tools, introducing a truck reservation system, improving shipper facilities, and proposing and cooperating with improvements for logistics. We will continue to create sustainable logistics systems, building on efforts such as the establishment of a multi-company joint transportation network between the Kanto and Kyushu regions of Japan in September 2020.

14) Dependence on Specific Business Partners

The Group depends heavily on specific business partners in the sale of our products and the purchase of certain raw materials. With respect to sales, certain companies are dependent on specific business partners; however, by consolidating transactions with major business partners of extremely high creditworthiness, the Company saves labor related to credit management and reduces credit risk.

In addition, our dependence on specific business partners in the purchase of some raw materials is to secure efficient and stable procurement of these raw materials. Although we are engaged in appropriate credit management with regard to business partners, deteriorating business conditions may lead to difficulty in collecting accounts receivable for the Group or may result in the disruption of raw materials supply, leading to production stoppages. Such events could have a negative impact on the Company’s financial position and business performance.

15) Overseas Country Risks

The basic stance of the Group is to produce and sell locally. We manufacture foods and other products, including instant noodles in various locations overseas. In the event of political instability or international disputes arising in these countries, our policy is to place the highest priority on employee safety. Other situations could threaten food safety or make production difficult due to legal restrictions in each country. Such events may affect the financial condition and business performance of the Group. To address these issues, we established a specialized platform under NISSIN FOODS HOLDINGS, creating a system to support each of our overseas subsidiaries.

16) Demographics

The birthrate in Japan is declining and the overall population is rapidly aging. The number of young consumers, our main purchasing segment, continues to decline. The instant noodle market, with the exception of the recent increase in demand due to the COVID-19 pandemic, has been flat over the long term. Given these circumstances, the Company strives to maintain and expand our customer base by creating new eating opportunities and value through meticulous product development that caters to individual target groups, including seniors, young people, and women. By contrast, overseas regions are experiencing increasing numbers of young people. These regions are becoming high-volume zones where we are adjusting product development and communication activities to target younger generations proactively. In this way, we work to expand our customer base globally while responding flexibly to various demographic changes in Japan and major overseas regions.

17) Diversifying Customer Needs

As customer needs toward food diversify, obesity from excessive calories and lifestyle-related diseases have become issues in particular. Meanwhile, malnutrition from incorrect diets has become a worldwide social issue, while awareness of health has been increasing. To meet these diversifying customer needs, we are developing and commercializes foods with the same look and deliciousness, but offering reduced calories, lower sodium content, less sugars, and reduced fat, while still providing ample necessary nutrients. We have identified new businesses as one of the three growth strategies under our mid- to long-term growth strategy launched in FY 3/2022. We will continue to make investments to create new business models and strive to solve social issues that include improving presymptomatic disease conditions and extending healthy life expectancy through delicious and healthy food.

3. Management's Analysis of Financial Position, Operating Results, and Cash Flows

(1) Summary of Operating Results

The following is a summary of the financial position, operating results, and cash flows (hereinafter, "Operating Results") of the Group for the current consolidated fiscal year.

①Qualitative Information Concerning Consolidated Business Results

During the consolidated fiscal year under review, the spread of new variant of coronavirus disease-2019 (COVID-19), the Omicron variant, continued to affect the world economy significantly, limiting economic recovery in Europe and the United States, causing activity restriction in some areas in China and leading uncertain outlook in Japan. Heightened geopolitical risks caused further volatility in commodity and foreign exchange markets, while resource prices turned upward due to expectations for economic recovery and supply constraints, and inflation concerns and rising market interest rates emerged. Under these circumstances, the instant noodles industry saw a renewed global appreciation for the convenience, shelf life and relative affordability which are the product characteristics of instant noodles, with changes in lifestyles and working styles after the expansion of COVID-19. As a result, increased demand in many regions led a record high in total global demand. Under this environment, the Group is working to achieve the Group's vision and sustainable growth as themes of growth strategy: 1) Strengthen Cash Generation Capabilities of Existing Businesses, 2) EARTH FOOD CHALLENGE 2030 and 3) Pursue New Businesses, based on the “Mid- to Long-Term Growth Strategy 2030.”

a. Financial Position

Total assets at the end of the current consolidated fiscal year increased by ¥19,892 million compared with the end of the previous consolidated fiscal year to ¥683,423 million.

Total liabilities at the end of the current consolidated fiscal year decreased by ¥3,262 million compared with the end of the previous consolidated fiscal year to ¥238,832 million.

Total equity at the end of the current fiscal year increased by ¥23,155 million compared with the end of the previous consolidated fiscal year to ¥444,590 million.

b. Business Results

Revenue for the current consolidated fiscal year increased 12.6% year on year to ¥569,722 million. Core operating profit of existing businesses decreased 5.4% year on year to ¥49,559 million, while operating profit decreased 16.1% to ¥46,614 million, profit before tax decreased 12.5% to ¥49,182 million, and profit attributable to owners of the parent decreased 13.3% to ¥35,412 million.

<Consolidated results>

(Millions of yen)

	FY 3/2021	FY 3/2022	Year on year	
	(April 1, 2020 to March 31, 2021)	(April 1, 2021 to March 31, 2022)	Amount	%
Revenue	506,107	569,722	63,615	12.6
Core operating profit of existing businesses	52,382	49,559	(2,823)	(5.4)
Operating profit	55,532	46,614	(8,917)	(16.1)
Profit before tax	56,233	49,182	(7,050)	(12.5)
Profit attributable to owners of the parent	40,828	35,412	(5,415)	(13.3)

The following is an overview of performance by reportable segment. In the current fiscal year, the Group has changed the method of presenting the chilled and frozen foods and beverages segment, combined the beverages businesses, which was included in confectionery and beverages segment, to chilled and frozen food businesses, and the confectionery segment. Accordingly, the following amount for the previous fiscal year reflected these changes in reportable segments.

1) NISSIN FOOD PRODUCTS

NISSIN FOOD PRODUCTS achieved year on year growth in sales due to an increase in sales of cup-type noodles. In cup-type noodles, the *CUP NOODLE PRO* series with high protein and low carbohydrate while maintaining good taste, which launched new flavor of chili tomato in March 2022 and the *CUP NOODLE KARAMEN* which featured a rich and tasty hot soup and roasted chili pepper, continued to be strong. *The CUP NOODLE SUPER GATTAI* series, a product commemorating the 50th year anniversary of the launch of the *CUP NOODLE*, with the concept of combining the existing flavors, contributed significantly to sales as well. Sales of the *SAIKYO DONBEI*, which was released in March 2022 with a focus on "everything is the main role," also contributed significantly to sales, as a result, sales of cup-type noodles increased year on year. In bag-type noodles, sales decreased year on year, although the *NISSIN RAOH* series increased. Sales of cup rice products increased year on year due to the contribution of continued strong performance of the *NISSIN CURRY MESHI* series. In terms of profit, it decreased year on year due to an increase in depreciation and amortization expenses associated with capital expenditures, a rise in raw material prices and so on, although sales increase contributed to profit. Consequently, revenue was ¥ 210,783 million (+2.5%), core operating profit was ¥ 30,576 million (-4.4%) and operating profit was ¥ 30,839 million (-4.2%) in this reportable segment.

2) MYOJO FOODS

MYOJO FOODS achieved year on year growth in sales of bag-type noodles due to strong growth in the *MYOJO CHARUMERA* which is the mainstay brand, because of strong performance of the *MIYAZAKI KARAMEN* and the *MOYASHI GA CHOZETSU UMAI MAZESOBA*. Also, the *MYOJO MEGAMI* contributed to sales. Sales of cup-type noodles increased year on year due to steady performance of the *MYOJO CHUKA ZANMAI*, reflecting the good performance of *SU RA TAN MEN*, and the *MYOJO IPPEICHAN YOMISE NO YAKISOBA*. In addition, the *MYOJO KOIZE IPPEICHAN BIG* released in February 2022 contributed to sales. In terms of profit, it decreased year on year due to an increase in raw material prices, depreciation and amortization expenses and so on, although there was an increase in sales, a decrease in advertising expenses and so on. Consequently, revenue was ¥ 37,920 million (+1.0%), core operating profit was ¥ 2,407 million (-22.8%) and operating profit was ¥ 2,445 million (-23.2%) in this reportable segment.

3) Chilled / Frozen Foods and Beverages

In the chilled foods business, sales and profit increased year on year mainly due to steady sales of ramen products such as the *GYORETSU NO DEKIRU MISE NO RAMEN* which is the mainstay products of NISSIN CHILLED FOODS, the *MAZEMEN NO TATSUJIN* and the *YUMEITEN* series. In the frozen foods business, sales increased year on year due to steady growth of the *REITO NISSIN CHUKA SHIRUNASHI TANTANMEN OMORI* which is the mainstay product of NISSIN FROZEN FOODS, the *REITO NISSIN HONMEN* series, the *REITO NISSIN MAZEMENTEI* series and the *REITO NISSIN MOCHITTO NAMA PASTA* series. In terms of profit, it decreased year on year due to an increase of cost of goods sold ratio. In the beverage business, sales were almost the same level with previous fiscal year but slightly decreased year on year due to negative repercussions after increased demand from the COVID-19 outbreak in the same period of previous fiscal year and sluggish sales at convenience stores relating to COVID-19, although NISSIN YORK launched the *PILKUL 400* in its mainstay *PILKUL* brand, which increased the number of lactic acid bacteria from 15 billion to 40 billion and it performed well. In terms of profit, it was almost the same level with previous fiscal year but slightly decreased year on year due to negative repercussions after increased demand from the COVID-19 outbreak in the same period of previous fiscal year, an increase of advertising expenses and so on. Consequently, revenue was ¥ 80,867 million (+4.1%), core operating profit was ¥ 3,270 million (-4.4%) and operating profit was ¥ 3,444 million (-5.0%) in this reportable segment.

4) Confectionery
In the confectionery business, sales and profit increased year on year. The *GOROGURA* series of NISSIN CISCO was strong and new category of the *NISSIN CISCO NO HOT CEREAL* grew steadily, despite the reaction to increased demand following the declaration of the state of emergency in April 2020. In addition, the mainstay products of BonChi such as the *KAISEN AGESEN* series performed well. KOIKE-YA promotes high value-added management by launching the *KOIKEYA The* series, a product commemorating the 60th year anniversary of the launch of its potato chips business, and it reflects 12 months financial performance in current period (4 months financial performance in previous period) since it became a consolidated subsidiary in December 2020, contributing to sales and profit as well. Consequently, revenue was ¥ 69,031 million (+68.0%), core operating profit was ¥ 3,158 million (+23.3%) and operating profit was ¥ 3,257 million (+25.3%) in this reportable segment.

5) The Americas
The Americas are working to enhance the proposal and promote the introduction of premium products for creating new demand, in addition to improving the profitability of existing products. As for sales in Brazil, further breadth and depth of sales were achieved thanks to proactive sales and marketing measures in addition to an increase in demand for home meals due to the spread of COVID-19. The mainstay products of the *NISSIN LAMEN* and the *CUP NOODLES* continued to perform well and contributed to sales increase. In the United States, while the demand for instant noodles remained high, premium products with cleared differential advantages performed well. As a result, sales as a whole business segment increased year on year. Meanwhile profits decreased year on year mainly due to continuous surge in major raw material prices, distribution costs and labor costs despite increased sales volume of mainstay products and premium products, and an increase in unit sales price due to price revision. Consequently, revenue was ¥ 87,328 million (+23.2%), core operating profit was ¥ 2,946 million (-27.2%) and operating profit was ¥ 2,995 million (-26.0%) in this reportable segment. Excluding the impact of currency translation, revenue was ¥ 81,540 million (+15.0%) and core operating profit was ¥ 2,717 million (-32.8%).

6) China
In China, as the market for high value-added products is expanding in mainland China, the Group (NISSIN FOODS CO.,LTD. and its subsidiaries) has taken steps to expand its geographical sales areas and strengthen its *CUP NOODLES* brand. The revenue with translation effect from local currencies appreciation against the Japanese Yen grew year on year due to an increase in sales volume of the *CUP NOODLES* brands in mainland China and increased demand caused by the resurgence of the COVID-19 during the period from January to March 2022 in Hong Kong. The profit increased year on year as an increase in sales volume in mainland China offset the surge in raw material prices. Consequently, revenue was ¥ 55,478 million (+15.2%), core operating profit was ¥ 6,146 million (+10.9%) and operating profit was ¥ 6,039 million (+4.8%) in this reportable segment. Excluding the impact of currency translation, revenue was ¥ 50,678 million (+5.2%) and core operating profit was ¥ 5,586 million (+0.8%).

Revenue in “Others,” which includes business segments not included in reportable segments such as domestic other business, Europe and Asia was ¥ 28,312 million (+12.8%), core operating profit was ¥ 6,382 million (-4.9%) and operating profit was ¥ 5,928 million (-12.6%). Excluding the impact of currency translation, revenue was ¥ 27,093 million (+8.0%) and core operating profit was ¥ 6,326 million (-5.7%).

<Revenue and profit by reportable segment>

(Millions of yen)

	Revenue		change	Segment profit		change
	FY 3/2021	FY 3/2022		FY 3/2021	FY 3/2022	
NISSIN FOOD PRODUCTS	205,624	210,783	5,158	32,196	30,839	(1,357)
MYOJO FOODS	37,551	37,920	369	3,183	2,445	(738)
Chilled / frozen foods and beverages	77,696	80,867	3,170	3,627	3,444	(183)
Confectionery	41,091	69,031	27,939	2,600	3,257	657
The Americas	70,873	87,328	16,455	4,047	2,995	(1,051)
China	48,177	55,478	7,300	5,763	6,039	275
Other	25,092	28,312	3,220	6,779	5,928	(851)
Total	506,107	569,722	63,615	58,198	54,950	(3,248)

(Note) Segment profit is adjusted under operating profit in the consolidated income statement.

2) Cash Flows

Cash and cash equivalents at the end of the current fiscal year totaled ¥102,005 million, an increase of ¥11,711 million compared with the end of the previous consolidated fiscal year. The status of cash flows as of the end of the current consolidated fiscal year is as follows.

(Millions of yen)

	FY 3/2021 (April 1, 2020 to March 31, 2021)	FY 3/2022 (April 1, 2021 to March 31, 2022)	Change
Cash flows from operating activities	72,714	52,936	(19,778)
Cash flows from investing activities	(26,528)	(3,468)	23,060
Cash flows from financing activities	(19,046)	(44,449)	(25,403)
Effect of exchange rate changes on cash and cash equivalents	2,991	6,692	3,701
Net increase in cash and cash equivalents	30,130	11,711	(18,419)
Cash and cash equivalents at beginning of the year	60,163	90,294	30,130
Cash and cash equivalents at end of the year	90,294	102,005	11,711

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥52,936 million (decrease of ¥19,778 million compared with the previous period). This result was mainly due to a change of ¥9,030 million in trade and other payables and a decrease of ¥7,050 million in profit before tax.

(Cash flows from investing activities)

Net cash used in investing activities amounted ¥3,468 million (increase of ¥23,060 million compared with the previous fiscal year). This result was mainly due to a ¥20,364 million increase in cash stemming from proceeds from sales and redemption of investments in securities, and an increase of ¥7,544 million stemming from a decrease in purchases of property, plant and equipment. These changes were offset in part by a decrease in proceeds from payments of time deposits in the amount of ¥4,895 million.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥44,449 million (decrease of ¥25,403 million compared with the previous period). This result was mainly due to a ¥14,659 million increase in acquisition of treasury shares, a ¥3,106 million increase in cash dividends paid to non-controlling interest shareholders, and a ¥2,817 million increase in purchase of shares of subsidiaries not resulting in change in scope of consolidation.

3) Production, Orders, and Sales

a. Production

The table below shows production by segment for the consolidated fiscal year.

(Millions of yen)

	FY 3/2022 (April 1, 2021 to March 31, 2022)	Year on Year (%)
NISSIN FOOD PRODUCTS	140,501	5.1
MYOJO FOODS	26,577	4.4
Chilled / frozen foods and beverages	45,858	4.1
Confectionery	70,246	104.6
The Americas	66,497	21.5
China	37,156	12.8
Reportable segments, total	386,837	18.9
Other	18,691	19.0
Total	405,528	18.9

(Notes) 1 The large increase in the Confectionery Business was due to the consolidation of KOIKE-YA in December 2020 for the 12-month operating results for the period under review. (Four months in the previous period)

2 The amounts above do not include consumption tax.

3 Inter-segment transactions have been eliminated.

b. Orders

Omitted, as the Group does not conduct significant production to orders.

c. Sales

The table below shows sales results by segment for the consolidated fiscal year.

(Millions of yen)

	FY 3/2022 (April 1, 2021 to March 31, 2022)	Year on Year (%)
NISSIN FOOD PRODUCTS	210,783	2.5
MYOJO FOODS	37,920	1.0
Chilled / frozen foods and beverages	80,867	4.1
Confectionery	69,031	68.0
The Americas	87,328	23.2
China	55,478	15.2
Reportable segments, total	541,409	12.6
Other	28,312	12.8
Total	569,722	12.6

(Notes) 1 The table below shows sales by major customer and the percentage to total sales.

Customer	FY 3/2021 (April 1, 2020 to March 31, 2021)		FY 3/2022 (April 1, 2021 to March 31, 2022)	
	Amount (million yen)	Percentage (%)	Amount (million yen)	Percentage (%)
Mitsubishi Shokuhin Co., Ltd.	73,380	14.5	75,589	13.3

2 The large increase in the Confectionery Business was due to the consolidation of KOIKE-YA in December 2020 for the 12-month operating results for the period under review. (Four months in the previous period)

3 The amounts above do not include consumption tax.

4 Inter-segment transactions have been eliminated.

(2) Management's Discussion and Analysis of Business Results

The following is our management's discussion and analysis group business results.

Forward-looking statements are based on estimates made as of the end of the consolidated fiscal year.

1) Significant Accounting Principles and Estimates

The NISSIN FOODS Group consolidated financial statements are prepared in accordance with IFRS as stipulated in Article 93 of the *Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statement.* In preparing these consolidated financial statements, Company management has made estimates based on reasonable standards.

2) Recognition, Analysis and Discussion of Business Results for the Current Consolidated Fiscal Year

a. Business results

Revenue for the current consolidated fiscal year increased 12.6% year on year to ¥569,722 million.

In Japan, revenue increased due to steady sales of core brands in the instant noodle business, driven mainly by NISSIN FOOD PRODUCTS, as well as the 12-month contribution of operating results from KOIKE-YA, which became a consolidated subsidiary in December 2020. Overseas, revenue increased in each region due to higher unit sales prices resulting from price revisions and more sales of high-value-added products.

Core operating profit of existing businesses for the current consolidated fiscal year decreased 5.4% compared with the previous fiscal year, amounting to ¥49,559 million. Operating profit decreased 16.1% to ¥46,614 million. Despite the positive impact of increased revenue, both domestic and overseas profits decreased due to soaring raw materials prices and other factors.

Profit before tax for the consolidated fiscal year decreased 12.5% compared with the previous fiscal year, amounting to ¥49,182 million. Profit attributable to owners of the parent decreased 13.3% to ¥35,412 million. This result was mainly due to lower operating profit.

See *Business Status 2. Business and Other Risks* regarding the main factors affecting Group operations.

b. Sources of capital and cash liquidity

(Cash flows)

The status of cash flows is described in *Business Status 3. Management's Analysis of Financial Position, Operating Results, and Cash Flows (1) Summary of Operating Results 2) Cash Flows.*

(Cash needs and cash procurement)

Cash flows from operating activities are allocated by priority to investments that contribute to increase corporate value and shareholder returns, mainly in the form of dividends.

However, in the event of a temporary shortage of cash, the Company secures cash flow by procuring funds from financial institutions or selling Company-owned assets as deemed necessary.

(Cash liquidity)
The Group has traditionally generated stable cash flows from operating activities and expects to continue to do so in the future. In addition, we have established uncommitted lines of credit with major domestic financial institutions. We have adopted a cash management system to centralize management of surplus funds within the Company and our major domestic consolidated subsidiaries. In this way, we aim to improve cash efficiency and reduce financial expenses.

c. Financial position
Total assets at the end of the current fiscal year increased ¥19,892 million compared with the end of the previous consolidated fiscal year to ¥683,423 million. This results mainly due to an increase of ¥11,711 million in cash and cash equivalents, ¥6,736 million in inventories, ¥4,957 million in other current assets, and ¥4,762 million in trade and other receivables. These amounts were offset in part by a decrease of ¥15,883 million in other financial assets (recorded under non-current assets).

Liabilities decreased ¥3,262 million compared with the end of the previous consolidated fiscal year to ¥238,832 million. This result was mainly due to a ¥6,609 million decrease in loans payable (recorded under non-current liabilities).

Equity increased ¥23,155 million compared with the end of the previous fiscal year to ¥444,590 million. This result was mainly due to an ¥18,584 million increase in retained earnings and an ¥11,004 million increase in other components of equity.

As a result, the ratio of equity attributable to owners of the parent company increased by 1.7%, from 57.9% at the end of the previous fiscal year to 59.6%.

d. Objective indicators for judging the progress of management policies, strategies, and goals
The Group has formulated the Mid- to Long-Term Growth Strategy 2030, pointing toward the year 2030.

We engage in three major growth strategies to achieve this vision and sustainable growth: (1) Strengthen the cash-generating capacity of existing businesses; (2) EARTH FOOD CHALLENGE 2030; and (3) Pursue New Businesses.

We are committed to four mid- to long-term economic value targets through CSV management under the Mid- to Long-Term Growth Strategy 2030: Sustainable profit growth; efficient use of capital; safe use of debt; and stable shareholder returns. At the same time, we pursue non-financial targets as well.

The table below shows results under the Mid- to Long-Term Growth Strategy 2030 for FY 3/2022.

Value Classification		Management Indicators	Mid- to Long-Term Targets	FY 3/2022 Results (*Most-recent results)
Financial	Growth Potential	Core Operating Profit Growth Rate [1] for Existing Businesses (Constant Currency)	Mid-single Digits	16.3%
	Efficiencies	ROE	10% over the long term	8.9%
	Safety	Net Debt/EBITDA Ratio	≦ 2x	-0.5 times
	Stable Shareholder Returns	Dividend Policy	Progressive Dividends	130 yen per share (FY 3/2021: 120 yen)
		Relative TSR vs. TOPIX (Foods) [2]	> 1x	1.22 times
Non-Financial [3]	Effective Use of Finite Resources	Sustainable Palm Oil Procurement Ratio [4]	100%	36% *January to December 2021
		Water Usage (per million yen of revenue (IFRS basis))	12.3 m^3 or less	11.3 m^3 *January to December 2021
		Total Waste Reduction (compared to FY 3/2016/Japan)	-50%	-38.9% *April 2020 to March 2021
	Reduce Climate Change Impact	Reduction of CO_2 Emissions (Scope 1+2) (compared to FY 3/2019)	-30%	2.7% *January to December 2021
		Reduction of CO_2 Emissions (Scope 3) (compared to FY 3/2019)	-15%	8.5% *January to December 2020

(Notes) 1 An important Non-GAAP business management indicator calculated by subtracting profit or loss from new businesses in which we plan aggressive upfront investments and non-recurring income (other income and expenses) from IFRS operating profit

2 We calculate relative TSR (TOPIX Foods comparison) based on the following formula.

$$\text{TSR} = \frac{\text{TSR for the Target Period}}{\text{TOPIX Foods Growth Rate for the Target Period (including dividends)}}$$

$$= \frac{(B + C) \div A}{E \div D}$$

A: Average of the closing price of the shares of the Company during the three-month period from January to March for the three fiscal years prior to the current fiscal year

B: Average of the closing price of the Company's shares during the three-month period from January to March of the current fiscal year

C: Cumulative total of dividends per share for the past three fiscal years, including the current fiscal year

D: Average closing price of TOPIX Foods (including dividends) for the three-month period from January to March for the three fiscal years prior to the current fiscal year

E: Average closing price of TOPIX Foods (including dividends) for the three-month period from January to March of the current fiscal year

3 Non-financial targets reflect FY 3/2031 figures

4 Based on external certifications and independent assessments

4. Significant business contracts, etc.

Not applicable.

5. R&D Activities

(1) NISSIN FOOD PRODUCTS
Based on the NISSIN GROUP philosophy, EARTH FOOD CREATOR, NISSIN FOOD PRODUCTS engages in product development centered on instant noodles, basic and applied research on health and nutrition, and research into environmental conservation. In the area of instant noodles, we launched three *CUP NOODLE PRO High Protein & Low Carbohydrates* products. These products contain 15 g of protein and 50% less sugar through our low-sugar, three-layer frying method that retains the taste and texture typical of CUP NOODLE. In connection with health, we are advancing development for Complete Nutrition Meals, which are meals that control calories, salt, sugar, fat, and protein, while maintaining the appearance and taste of the meal and offering all 33 nutrients required by the Dietary Reference Intakes for Japanese in well-balanced manner. To meet our responsibilities to the environment, we switched all CUP NOODLE containers to Biomass ECO Cups. During the current fiscal year NISSIN FOOD PRODUCTS also eliminated the plastic lid sticker, replacing it with a W Tab. Through these measures, we reduced our annual use of plastic by 33 tons. The company is also developing alternative meats expected to play a role in solving future food crises and global warming. Other research includes work on cultured meat (joint research with the University of Tokyo), and research on yeast-produced fats and oils as replacements for palm oil. The Global Innovation Research Center is also engaged in the development of confectionery products, as well as research and development on seasonings and natural flavors to achieve authentic tastes at low cost in an initiative to support product development. NISSIN FOOD PRODUCTS will continue to develop new technologies and high-value-added products to respond to customer needs in a timely manner.

(2) MYOJO FOODS
Aiming to become a sustainable company, MYOJO FOODS pursues research in environmental conservation measures in addition to product development focusing on the development of instant noodles. First, in the development of instant noodles, MYOJO is improving the quality of non-fried noodles further, which is one of the company's strengths. By kneading salt sesame into the noodles, the company enhances the flavor when the noodles are chewed and improves the lack of texture when cooked. This lack of texture has been an issue with conventional non-fried noodles. The technology has been incorporated into the reformulation of the vertical non-fried noodles, *MYOJO MEGAMI CUP NOUKOU SHOYU/NOUKOU MISO*. In the area of non-fried bag-type instant noodles, MYOJO FOODS developed *MYOJO MEGAMI TSUKEMEN GOKUUMA GYOKAI SHOYU* (bagged), aiming to create a texture and aroma similar to chilled noodles. This new product expresses an overwhelmingly quality in chilled noodles not found in conventional products. The company is also improving the quality of fried noodles. With respect to fried Japanese-style noodles, MYOJO aimed to improve the eating experience for udon noodles and the soba flavor for soba noodles. This technology was used in the development of *MYOJO KOIZE! IPPEICHAN BIG BUTATAMAGO UDON/BUTANEGI SOBA*.

In a proposal for a new type of soup, MYOJO launched *MYOJO MEN TO SOUP DAKE OHGON CHIYU CHUKA SOBA*, which uses *dashi* (seasoning) packets. By inserting aromatic ingredients in a dashi pack, the company responded to new customer needs with a product offering special features that focus on the deliciousness of the noodles and soup.

The company also developed *MENTAIKO FU KAMABOKO*(spicy cod roe) mimicking the real thing as a new ingredient. This product is used in *MYOJO IPPEICHAN YOMISE NO YAKISOBA OHMORI MENTAIKO FLAVOR*. Consumers have loved the texture and flavor, which has all the appearance and taste of the real thing.

In terms of protecting the environment, MYOJO FOODS began using biomass ink on individual packaged noodles in addition to the *yakisoba* noodle drain lid and vertical cup lid. The aim here is to reduce the use of petrochemical resources. This change was rolled out in March 2022, beginning with the *MYOJO CHARUMERA SHOYU RAMEN* product. Further, the company changed the material used in corrugated cardboard for *MYOJYO CHUKA ZANMAI TATEGATA AKASAKA EIRIN SU RA TAN MEN* and other vertical, large serving products, reducing the amount of paper and lessening the company's environmental burden.

(3) Chilled / Frozen Foods and Beverage Business
(Chilled Foods)
In addition to products that appeal to the authentic feel unique to chilled noodles, this business segment is developing products that respond to the changing needs and environment caused by the COVID-19 pandemic. To reduce food loss and plastic materials, the business is extending product shelf life, developing room temperature noodles, and creating eco-friendly packaging. In addition to extending the shelf life of our original long-lasting delicious flavor manufacturing method, the business developed *OHDOU-YA TONKOSTU SHOYU and NABEYAKI NISSIN RAOH TONKOTSU SHOYU/CHANPON*, products that can be stored for 50 days at room temperature, despite being fresh noodles. In addition, the business revised the packaging format for *NISSIN NO RAMENYA SAN* to eliminate the use of trays and reduce the use of plastic materials. In terms of new products, the business launched *TABELOG HYAKUMEITEN CHUKA SOBA TAKANO/RAMEN ASUKA/MENYA YOUSUKE/MUSASHINO ENZA* in response to rising needs for restaurant-quality foods caused by the shift to in-home dining. Other new products include *MEN NO TATSUJIN* and *SOUP NO TATSUJIN*, noodle ingredients that can be arranged in different menu options, *ZEITAKUNA HIYASHI CHUKA TOKUNOU GOMADARE* and *SAIKYOU NO RAMEN NINNIKU UMAKARA MISO* for younger consumers, and *GYORETSU NO DEKIRU MISE NO RAMEN MIYAZAKI KARAMEN* and *NISSIN NO FUTOMEN YAKISOBA SEKAI NO YAMACHAN MABOROSHI NO TEBASAKI FLAVOR*, products that offer delicious regional flavors. The chilled foods business will continue to research and develop new technologies and products, including the development of authentic, restaurant-quality products, environmentally friendly and earth-friendly products, and the creation of new value to meet diversifying customer needs.

(Frozen Foods)
The frozen foods business is developing a wide variety of products, from Chinese noodles, to pasta, Japanese, and rice noodle genres to offer authentic, delicious food that is easy to prepare and that takes advantage of our strengths in frozen foods. The unique NISSIN freshly-boiled and frozen noodle production technology is a new method used for Chinese noodles that freezes in the deliciousness of freshly-boiled noodles. This technology has allowed us to develop a wide variety of Chinese noodles with the lively texture and flavor that can normally only be enjoyed with freshly boiled noodles. In this context, the business developed *NISSIN HON-MEN KOKUUMA SHOYU RAMEN/NOUKOU MISO RAMEN/YUZU SHIO RAMEN*. The business continues to launch products that are easier to prepare, more environmentally friendly, and with more impact. These products include *NISSIN CHUKA RAJAO TANTANMEN/SHIROGOMA TANTANMEN*, made by adding hot water and microwaved, and *NISSIN CHUKA BYANBYANMEN*, a new menu option in the expanding soupless noodle genre. The frozen foods business has also developed new menu options in the pasta category, including *NAMA PASTA KOUMI SHOYU* and *SPA-OH PREMIUM TOMATO TO NINNIKU*. In the Japanese category, the business introduced soupless *AH NOUKOU SHIRUNASHI DEMI-GLACE SAUCE BEEF CURRY UDON/SHIRUNASHI MENTAIKO CREAM UDON*. The *CHILI TOMATO FRIED RICE*, made from *CUP NOODLE FRIED RICE* and *YUZU SHIO FRIED RICE* (rice category), developed under the supervision of the famous ramen restaurant, AFURI. The frozen foods business will continue research and development into authentic tastes and simplified cooking to meet the needs of our customers.

(Beverages)
The NISSIN YORK R&D center is located inside the company's Kanto Plant. Here, the company leverages the location to conduct research on lactic acid fermentation, and develops or reformulates with a sense of urgency. Product lines under development include fermented milk, dairy lactobacillus beverages, lactobacillus beverages, and soft drinks. The company continues to strengthen its *TOKACHI NOMU YOGURT* and *PILKUL* brands, while also focusing on the development of high-value-added products that makes the most of the company's core fermentation technology, developing products that are tasty and beneficial to health. TOKACHI NOMU YOGURT is a food with functional claim that improves the gut environment, containing 40 billion NY1301 Lactobacilli per cup (180 g). In addition to the standard flavors (plain, blueberry, and strawberry), the company offers limited-time-only flavors such as peach, lemon, grape, and mandarin orange. These flavors are released on a seasonal basis to give the brand a fresh feel. The company is expanding the product lineup of the brand to include sugar free products for customers who are concerned about sugar content. Looking to the lactobacillus beverage and soft drink categories, NISSIN YORK launched *HIZA ACTIVE*, a food with functional claim containing 1,500 mg of glucosamine hydrochloride (two bottles of 65 ml each) that provides knee care in a convenient and tasty way. The company has launched products for various other user groups, including the *Vitamin Lemon Water* series of beverages that offer a daily supply of seven vitamins in a single bottle. The company will continue to respond to the growing health consciousness and preferences of customers, developing products that take advantage of its lactic acid bacteria fermentation technology.

(4) Confectionery Business
Under the slogan of *More fun, healthier*, NISSIN CISCO is developing high-value-added products offering quality and health-oriented functions. At the same time, the company is strengthening its existing brands. The confectionery business R&D laboratory conducts research and development of various products across four categories: (1) cereals, (2) confectionery (biscuits and chocolate confectionery), (3) packaging materials, and (4) labeling (in March 2022, the labeling division was moved from the R&D laboratory to the Quality Assurance Department). In the cereal category, the business launched a new hot cereal series based on the concept of cereals that warm both body and mind. Focusing on the hot topic of oatmeal, the business marketed *TOMATO CREAM RISOTTO FU* and *CHEESE CREAM RISOTTO FU* flavored oatmeal, as well as *OATMEAL FLAKES*, made using its core flake manufacturing technology. The business marketed the *GOROTTO GRANOLA RICH CACAO KAORU CHOCO NUTS MACADAMIA MIX* product in the GORO GULA series, which contains the "king of nuts," macadamia nuts. Further, the brand name GOROTTO GRANOLA was changed to GORO GURA, while the CISCORNBIG series was relaunched as CISCORN. In the biscuit category, the business marketed "new retro" lemonade, baked sweet potato, and red bean paste butter flavors under the COCONUT SABLE brand, which celebrated its 56th anniversary. The new cheesecake flavor represented an "imported retro" series variation. Throughout the year, the business endeavored to revitalize the brand by approaching younger consumers. In the chocolate confectionery category, the business marketed CHICKEN RAMEN Choco Flakes in collaboration with the long-selling NISSIN FOOD PRODUCTS brand, and reformulated *LOCABO Almond Choco Snack mix* to enhance the brand behind the lineup. The confectionery business will continue to collaborate with the group's research organizations to develop highly original cereal and confectionery products unique to the NISSIN FOODS Group make customers smile and feel more energetic.

KOIKE-YA is developing new market-creating products that respond to changes in society, lifestyles, and awareness. This development centers on high-value-added brands including *KOIKE-YA PRIDE POTATO, PURE POTATO, KOIKE-YA STRONG*, and *KOIKEYA The*. Under the concept of making lives more abundant through food, *KOIKEYA The NORISHIO* and *KOIKEYA The KOJISHIO* were launched in September 2021 with paper-based packaging. These products represent part of the company's environmentally friendly initiatives, including the use of less plastic. The company has been developing the *JAPAN PRIDE POTATO* series since February 2018. This product not only utilizes the climate and culture representing the pride of Japan, but also the ingredients sourced from these elements. The proceeds from this product supports efforts in the regions of place Munakata, Shodoshima, Imagane, Kobe, Kanazawa, and Kumamoto, which nurtures these cultures and ingredients. Through this product, KOIKE-YA hopes to contribute to these regions. During the current consolidated fiscal year, KOIKE-YA developed an initiative to reduce ocean plastic in the region of Munakata in an effort to preserve the marine environment. In Shodoshima, the company is working together with the local community to plan projects that contribute to and promote the local community. Projects include a unique online tour to experience the charms of Shodoshima, including Shodoshima olives. As part of its SDG promotion activities, KOIKE-YA began active engagement in activities related to the SDGs in October 2021. These activities include the TV broadcast of the animated KOIKE-YA SDGs Theater *Sasu and Tena* (13 episodes) produced to teach the SDGs in a fun way and other related activities.

(5) Food Safety and Environmental Management Initiatives

As part of advanced research on food safety, the Global Food Safety Institute has established methods for the discovery, synthesis, and analysis of new hazardous substances, as well as cell testing methods for evaluating health impact. At the Tokyo Nutrition for Growth Summit held in December 2021, we announced the development and implementation of a simultaneous analysis method for food allergen recommended label ingredients as one of our commitments. In Japan, we have implemented a dual control system for product inspections at each plant and laboratory, as well as a centralized control system based on precision control testing via analytical technology. In response to the expansion and globalization of NISSIN FOODS GROUP businesses, we are expanding these systems and controls to new and overseas businesses. We intend to establish new analytical methods and rapid inspection methods. In this way, we will continue to strengthen support for quality assurance systems overseas and in new businesses, contributing to the improvement of food safety across all group businesses. The Nissin's Inspection Standards for Food Safety (NISFOS) is our own independent standard for food safety audits when auditing products and raw materials at production plants. We rely on this system to conduct audits and make improvements in the production environment. During FY 3/2021, we revised NISFOS to strengthen our response to sensory inspections, detailed checks on the acceptance of raw materials, the increase in the number of foreign employees, and food product mislabeling. Through audits using this system, we continue to strengthen quality and food safety management at each of our plants. Further, we engage in initiatives to pursue CSV Management in maintaining a sustainable global environment. Initiatives include audits based on Food Safety Research Institute's Inspection Standards for Environmental Activities (RISEA), developed independently by NISSIN FOOD PRODUCTS. Through RISEA, we evaluate and make improvements regarding the status of compliance with environmental laws and regulations at our group plants, reduction of greenhouse gas emissions through energy conservation, and environmental activities related to the 3Rs of resources (Reduce, Reuse, and Recycle). The activities of the Sustainability Committee and Sustainability Committee Environmental Working Group as secretariat are becoming increasingly important in achieving the targets under the NISSIN FOOD Group environmental strategy, EARTH FOOD CHALLENGE 2030. We will contribute to NISSIN FOODS Group CSV Management by formulating a roadmap for achieving targets, as well as planning and implementing measures to address various environmental issues, including CO2 reduction, plastics, water conservation, and food waste, from the perspective of the Institute, including data analysis. The committee works with plants, product development divisions, and other front-line organizations in this context. Through the various activities described above at the Global Food Safety Institute, we engage in joint research with universities and public institutions on the development of new hazardous substance analysis methods and risk assessment methods. During FY 3/2022, we also academically resulted in the form of two conference presentations and one academic paper.

Research and development expenses for the current consolidated fiscal year totaled ¥10,127 million.

The Company's R&D expenses are stated in total, as such expenses are difficult to categorize by reportable segment.

CONSOLIDATED SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

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

Years ended March 31,	JGAAP *8 Millions of yen (except per share information) 2018	 2017
Net sales	¥516,400	¥495,716
Cost of sales	282,272	270,220
Gross profit	234,128	225,496
Selling, general, and administrative expenses	200,016	196,878
Operating income	34,112	28,618
Other income	3,413	6,900
Income before income taxes and noncontrolling interests	37,525	35,518
Income taxes	8,407	11,789
Net income attributable to noncontrolling interests	14	171
Net income attributable to owners of the parent	29,104	23,558
Comprehensive income	33,237	10,991
Per share		
Net income attributable to owners of the parent per share - primary	¥279.52	¥221.33
- diluted	278.16	220.25
Cash dividends	90.00	85.00
Equity[*1]	3,519.36	3,276.55
At year-end		
Working capital[*2]	¥39,354	¥42,040
Property, plant, and equipment, net	214,071	188,014
Total assets	568,112	537,181
Long-term liabilities	45,541	47,815
Equity[*3]	391,777	353,518
R&D expenses	¥7,777	¥7,650
Capital expenditures	52,007	36,340
Value and Performance Indicators		
Operating margin (%)[*4]	6.6	5.8
Return on assets (%)[*5]	5.3	4.3
Return on equity (%)[*6]	8.2	6.7
Inventory turnover (times)[*7]	9.7	9.6

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

	Notes	FY 3/2021 (As of March 31, 2021) (Millions of yen)	FY 3/2022 (As of March 31, 2022) (Millions of yen)	FY 3/2022 (As of March 31, 2022) (Thousands of U.S. dollars)
Assets				
Current assets				
Cash and cash equivalents	8	90,294	102,005	833,447
Trade and other receivables	9,34	84,837	89,600	732,086
Inventories	10	40,901	47,638	389,231
Income taxes receivable		1,629	590	4,821
Other financial assets	11,34	6,890	10,271	83,924
Other current assets	12	4,563	9,520	77,790
Total current assets		229,117	259,626	2,121,301
Noncurrent assets				
Property, plant, and equipment	13	257,135	260,506	2,128,495
Goodwill and intangible assets	14	12,476	12,205	99,723
Investment property	17	7,369	7,307	59,707
Investments accounted for using the equity method		42,333	44,006	359,555
Other financial assets	11,34	100,990	85,107	695,378
Deferred tax assets	18	12,174	11,990	97,971
Other noncurrent assets	12	1,933	2,674	21,849
Total noncurrent assets		434,413	423,797	3,462,681
Total assets		663,530	683,423	5,583,983

	Notes	FY 3/2021 (As of March 31, 2021) (Millions of yen)	FY 3/2022 (As of March 31, 2022) (Millions of yen)	FY 3/2022 (As of March 31, 2022) (Thousands of U.S. dollars)
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	19,34	119,275	123,251	1,007,037
Borrowings	20,34	9,647	13,242	108,196
Provisions	21	204	-	-
Accrued income taxes		8,050	5,509	45,015
Other financial liabilities	20,34	3,855	3,450	28,194
Other current liabilities	22	19,617	22,508	183,906
Total current liabilities		160,650	167,962	1,372,351
Noncurrent liabilities				
Borrowings	20,34	38,283	31,673	258,793
Other financial liabilities	20,34	18,601	16,925	138,291
Defined benefit liabilities	23	5,151	5,177	42,300
Provisions	21	203	268	2,193
Deferred tax liabilities	18	16,722	14,347	117,226
Other noncurrent liabilities	22	2,481	2,478	20,250
Total noncurrent liabilities		81,444	70,870	579,056
Total liabilities		242,095	238,832	1,951,407
Equity				
Share capital	24	25,122	25,122	205,267
Capital surplus	24	50,636	49,862	407,409
Treasury shares	24	(6,658)	(11,828)	(96,645)
Other components of equity	24	34,217	45,221	369,489
Retained earnings	24	280,697	299,281	2,445,311
Total equity attributable to owners of the parent		384,016	407,660	3,330,831
Noncontrolling interests		37,419	36,930	301,743
Total equity		421,435	444,590	3,632,575
Total liabilities and equity		663,530	683,423	5,583,983

2. Consolidated Statement of Income and Comprehensive Income

Consolidated statement of income and comprehensive income

	Notes	FY 3/2021 (From April 1, 2020, to March 31, 2021) (Millions of yen)	FY 3/2022 (From April 1, 2021, to March 31, 2022) (Millions of yen)	FY 3/2022 (From April 1, 2021, to March 31, 2022) (Thousands of U.S. dollars)
Revenue	26	506,107	569,722	4,654,974
Cost of sales		324,350	375,219	3,065,771
Gross profit		181,756	194,502	1,589,203
Selling, general, and administrative expenses	27	136,590	151,518	1,238,001
Gain on investments accounted for using the equity method		5,435	3,656	29,876
Other income	7,28	7,064	1,987	16,241
Other expenses	28	2,134	2,013	16,451
Operating profit		55,532	46,614	380,868
Finance income	29	1,895	3,071	25,097
Finance costs	29	1,193	503	4,110
Profit before income tax expense		56,233	49,182	401,854
Income tax expense	18	12,893	10,927	89,283
Profit		43,340	38,255	312,570
Profit attributable to				
Owners of the parent		40,828	35,412	289,345
Noncontrolling interests		2,511	2,842	23,225
Profit		43,340	38,255	312,570
Earnings per share	32			
Basic earnings per share (Yen)		391.94	343.49	2.80
Diluted earnings per share (Yen)		389.69	341.53	2.79

Consolidated Statement of Comprehensive Income

	Note	FY 3/2021 (From April 1, 2020, to March 31, 2021) (Millions of yen)	FY 3/2022 (From April 1, 2021, to March 31, 2022) (Millions of yen)	FY 3/2022 (From April 1, 2021, to March 31, 2022) (Thousands of U.S. dollars)
Profit		43,340	38,255	312,570
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Net change in equity instruments measured at fair value through other comprehensive income	31	24,405	3,386	27,666
Remeasurements of defined benefit plans	31	2,923	768	6,275
Share of other comprehensive income of investments accounted for using the equity method	31	74	(28)	(231)
Total items that will not be reclassified to profit or loss		27,403	4,125	33,710
Items that may be reclassified to profit or loss				
Net change in debt instruments measured at fair value through other comprehensive income	31	15	4	38
Cash flow hedges	31	2	49	407
Foreign currency translation differences on foreign operations	31	3,551	14,670	119,870
Share of other comprehensive income of investments accounted for using the equity method	31	(3,625)	1,204	9,842
Total items that may be reclassified to profit or loss		(56)	15,930	130,159
Total other comprehensive income		27,347	20,056	163,869
Comprehensive income		70,687	58,311	476,440
Comprehensive income attributable to				
Owners of the parent		66,894	52,841	431,742
Noncontrolling interests		3,793	5,470	44,698
Comprehensive income		70,687	58,311	476,440

3. Consolidated Statement of Changes in Equity

Consolidated statement of changes in equity

(Millions of yen)

	Note	Equity attributable to owners of the parent						
					Other components of equity			
		Share capital	Capital surplus	Treasury shares	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, 2020		25,122	50,639	(6,660)	2,292	(12,057)	17	19,879
Profit		-	-	-	-	-	-	-
Other comprehensive income	31	-	-	-	-	2,414	0	24,374
Total comprehensive income		-	-	-	-	2,414	0	24,374
Acquisition of treasury shares	24	-	-	(4)	-	-	-	-
Disposal of treasury shares	24	-	0	7	(7)	-	-	-
Share-based payment transactions	33	-	-	-	368	-	-	-
Cash dividend paid	25	-	-	-	-	-	-	-
Change from business combination	7	-	-	-	-	-	-	-
Changes in the ownership interest in subsidiary without a loss of control		-	(3)	-	-	-	-	-
Transfer from other components of equity to retained earnings		-	-	-	-	-	-	(1,669)
Other		-	-	-	-	-	-	-
Total transactions with owners of the parent		-	(2)	2	360	-	-	(1,669)
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

(Millions of yen)

	Note	Equity attributable to owners of the parent						
		Other components of equity						
		Remeasurements of defined benefit plans	Share of other comprehensive income of investments accounted for using the equity method	Total	Retained earnings	Total	Noncontrolling interests	Total
Balance at March 31, 2020		-	2,143	12,275	246,616	327,994	26,068	354,063
Profit		-	-	-	40,828	40,828	2,511	43,340
Other comprehensive income (loss)	31	2,827	(3,550)	26,065	-	26,065	1,281	27,347
Total comprehensive income (loss)		2,827	(3,550)	26,065	40,828	66,894	3,793	70,687
Acquisition of treasury shares	24	-	-	-	-	(4)	-	(4)
Disposal of treasury shares	24	-	-	(7)	-	0	-	0
Share-based payment transactions	33	-	-	368	-	368	-	368
Cash dividend paid	25	-	-	-	(11,458)	(11,458)	(986)	(12,444)
Change from business combination	7	-	-	-	-	-	8,328	8,328
Changes in the ownership interest in subsidiary without a loss of control		-	-	-	-	(3)	160	156
Transfer from other components of equity to retained earnings		(2,827)	11	(4,484)	4,484	-	-	-
Other		-	-	-	225	225	54	280
Total transactions with owners of the parent		(2,827)	11	(4,124)	(6,747)	(10,872)	7,557	(3,315)
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

(Thousands of U.S. dollars)

	Note	Equity attributable to owners of the parent						
					Other components of equity			
		Share capital	Capital surplus	Treasury shares	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, 2021		205,267	413,734	(54,401)	21,679	(78,788)	147	347,938
Profit		-	-	-	-	-	-	
Other comprehensive income	31	-	-	-	-	98,383	394	27,790
Total comprehensive income		-	-	-	-	98,383	394	27,790
Acquisition of treasury shares	24	-	(196)	(119,619)	-	-	-	-
Disposal of treasury shares	24	-	102	2,194	(2,295)	-	-	-
Cancellation of treasury shares	24	-	(369)	75,180	-	-	-	-
Share-based payment transactions	33	-	-	-	2,096	-	-	-
Cash dividend paid	25	-	-	-	-	-	-	-
Changes in the ownership interest in subsidiary without a loss of control		-	(5,844)	-	-	-	-	-
Transfer from other components of equity to retained earnings		-	-	-	-	-	-	(46,094)
Other		-	(17)	-	-	-	-	-
Total transactions with owners of the parent		-	(6,325)	(42,244)	(198)	-	-	(46,094)
Balance at March 31, 2022		205,267	407,409	(96,645)	21,480	19,595	542	329,634

(Thousands of U.S. dollars)

	Note	Equity attributable to owners of the parent						
		Other components of equity						
		Remeasurements of defined benefit plans	Share of other comprehensive income of investments accounted for using the equity method	Total	Retained earnings	Total	Noncontrolling interests	Total
Balance at March 31, 2021		-	(11,400)	279,577	2,293,466	3,137,644	305,735	3,443,380
Profit		-	-	-	289,345	289,345	23,225	312,570
Other comprehensive income	31	6,218	9,610	142,397	-	142,397	21,472	163,869
Total comprehensive income		6,218	9,610	142,397	289,345	431,742	44,698	476,440
Acquisition of treasury shares	24	-	-	-	-	(119,815)	-	(119,815)
Disposal of treasury shares	24	-	-	(2,295)	-	1	-	1
Cancellation of treasury shares	24	-	-	-	(74,811)	-	-	-
Share-based payment transactions	33	-	-	2,096	-	2,096	-	2,096
Cash dividend paid	25	-	-	-	(114,265)	(114,265)	(33,437)	(147,702)
Changes in the ownership interest in subsidiary without a loss of control		-	-	-	-	(5,844)	(15,665)	(21,509)
Transfer from other components of equity to retained earnings		(6,218)	26	(52,286)	52,286	-	-	-
Other		-	-	-	(710)	(728)	412	(316)
Total transactions with owners of the parent		(6,218)	26	(52,485)	(137,500)	(238,555)	(48,690)	(287,245)
Balance at March 31, 2022		-	(1,762)	369,489	2,445,311	3,330,831	301,743	3,632,575

4. Consolidated Statement of Cash Flows

Consolidated statement of cash flows

	Note	FY 3/2021 (From April 1, 2020, to March 31, 2021) (Millions of yen)	FY 3/2022 (From April 1, 2021, to March 31, 2022) (Millions of yen)	FY 3/2022 (From April 1, 2021, to March 31, 2022) (Thousands of U.S. dollars)
Operating activities				
Profit before income tax expense		56,233	49,182	401,854
Depreciation and amortization		25,363	28,240	230,744
Impairment losses		172	431	3,527
Decrease in defined benefit liabilities		(2,411)	(726)	(5,936)
Finance income and costs		(1,261)	(2,263)	(18,491)
(Gain) loss on investments accounted for using the equity method		(5,435)	(3,656)	(29,876)
Gain on sales of fixed assets		(11)	389	3,182
Gain from remeasurement due to business combination	7	(4,589)	-	-
Increase in inventories		(6,180)	(4,134)	(33,782)
(Increase) decrease in trade and other receivables		3,346	(5,581)	(45,600)
Increase in trade and other payables		10,016	986	8,058
Other		4,602	(1,455)	(11,893)
Subtotal		79,845	61,413	501,787
Interest and dividends received		4,401	5,982	48,883
Interest paid		(574)	(487)	(3,984)
Income taxes paid		(13,475)	(15,392)	(125,767)
Income taxes refunded		2,517	1,420	11,604
Cash flows from operating activities		72,714	52,936	432,523
Investing activities				
Payments into time deposits		(10,840)	(6,506)	(53,160)
Proceeds from redemption of time deposits		9,396	4,500	36,774
Payment for purchases of property, plant, and equipment and others		(31,302)	(23,758)	(194,117)
Proceeds from sales of property, plant, and equipment and others		575	591	4,836
Payment for acquisition of intangible assets		(1,589)	(726)	(5,939)
Payment for purchases of investments in securities		(780)	(1,304)	(10,659)
Proceeds from sales and redemption of investments in securities		4,012	24,376	199,171
Proceeds from sales of marketable securities		2,752	-	-
Payment for purchase of shares of subsidiaries resulting in change in scope of consolidation		-	(639)	(5,221)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation, net of cash acquired	7	1,230	-	-
Other		15	(2)	(22)
Cash flows from investing activities		(26,528)	(3,468)	(28,338)
Financing activities				
Net decrease in short-term borrowings	30	(551)	(52)	(427)
Proceeds from long-term borrowings	30	2,131	1,927	15,747
Repayment of long-term borrowings	30	(3,058)	(5,436)	(44,421)
Repayment of lease liabilities		(5,119)	(5,507)	(45,001)
Net increase in treasury shares		(4)	(14,664)	(119,815)
Cash dividends paid		(11,458)	(13,984)	(114,265)
Cash dividends paid to noncontrolling interest shareholders		(986)	(4,092)	(33,437)
Proceeds from payment from noncontrolling interest shareholders		-	178	1,461
Purchase of shares of subsidiaries not resulting in change in scope of consolidation		-	(2,817)	(23,021)
Other		-	0	-
Cash flows from financing activities		(19,046)	(44,449)	(363,182)
Effect of exchange rate changes on cash and cash equivalents		2,991	6,692	54,685
Net increase in cash and cash equivalents		30,130	11,711	95,688
Cash and cash equivalents at the beginning of year	8	60,163	90,294	737,758
Cash and cash equivalents at the end of year	8	90,294	102,005	833,447

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 6 "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 1, 2022.

(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 ¥122.39 to $1.00, the approximate rate of exchange at March 31, 2022.

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 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, primarily due to local regulations and laws enforced in the regions where the subsidiaries are located, requiring fiscal year end date other than that of the Company, it is impracticable to unify the fiscal year end date.

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
The Group has implemented share option plans as equity-settled share-based payment plans. The fair value of the share option at the grant date is recognized as an expense over the vesting period, and the corresponding amount is recognized as an increase in other components of equity.

The fair value of options granted is determined using the Black-Scholes model taking into account the terms and conditions of the options.

(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.

(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.

4. 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 (3. Significant Accounting Policies (4) Financial Instruments, 11. Other Financial Assets and 34. Financial Instruments)
(B) Impairment Loss of Nonfinancial Assets (3. Significant Accounting Policies (11) Impairment loss of nonfinancial assets and 15. Impairment Loss of Nonfinancial Assets)
(C) Recoverability of deferred tax assets (3. Significant Accounting Policies (18) Income tax expenses and 18. Income Taxes)
(D) Accounting and valuation of provisions (3. Significant Accounting Policies (15) Provisions and 21. Provisions)
(E) Measurement of defined benefit liabilities (3. 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 (3. Significant Accounting Policies (7) Property, plant, and equipment, (9) Goodwill and Intangible Assets, 13. Property, Plant, and Equipment and 14. Goodwill and Intangible Assets)
(G) Estimates of the fair value of the assets acquired and liabilities assumed in the business combination (3. Significant Accounting Policies (2) Business combinations, 7. Business Combination)

5. New Standards and Interpretations Not Yet Adopted

None of the new accounting standards and interpretations that have been issued or amended by the date of approval of the consolidated financial statements has a material impact on the Group's consolidated financial statements.

6. 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 the Chilled and frozen foods and beverages segment by combining the beverages businesses, which was included in confectionery and beverages segment, to chilled and frozen food businesses, resulting from the review of the business management classification of the Group. In addition, confectionery segment has become an independent reportable segment.

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 3 “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, 2021 (from April 1, 2020, to March 31, 2021)

(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	205,624	37,551	77,696	41,091	70,873	48,177	481,014	25,092	506,107	-	506,107
Intersegment sales	1,473	5,310	583	57	11	1,145	8,583	31,769	40,353	(40,353)	-
Total	207,097	42,861	78,279	41,149	70,885	49,323	489,598	56,862	546,460	(40,353)	506,107
Segment profit (operating profit)	32,196	3,183	3,627	2,600	4,047	5,763	51,418	6,779	58,198	(2,666)	55,532
Finance income	-	-	-	-	-	-	-	-	-	-	1,895
Finance costs	-	-	-	-	-	-	-	-	-	-	1,193
Profit before tax	-	-	-	-	-	-	-	-	-	-	56,233
Other items											
Depreciation and amortization	12,879	2,011	2,496	1,710	1,010	2,010	22,118	3,205	25,323	39	25,363
Impairment losses (nonfinancial assets)	103	-	68	-	-	1	172	-	172	-	172
Gain on investments accounted for using the equity method	-	-	-	362	-	-	362	5,073	5,435	-	5,435
Capital expenditures	13,945	3,392	1,538	3,434	3,639	3,115	29,065	5,193	34,259	(226)	34,032

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

2: Operating profit under “Reconciliations” amounted to minus ¥2,666 million, consisting of minus ¥590 million from elimination of intersegment transactions, ¥4,589 million of gain on remeasurement relating to business combinations, minus ¥4,885 million from group expenses, and minus ¥1,780 million from new business expenses.

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

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	5,928	54,950	(8,335)	46,614
Finance income	-	-	-	-	-	-	-	-	-	-	3,071
Finance costs	-	-	-	-	-	-	-	-	-	-	503
Profit before tax	-	-	-	-	-	-	-	-	-	-	49,182
Other items											
Depreciation and amortization	13,773	2,197	2,386	2,742	1,198	2,614	24,913	3,302	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	8,771	945	2,121	3,134	4,631	5,112	24,717	3,670	28,388	(78)	28,309

(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	1,722,224	309,835	660,732	564,029	713,528	453,293	4,423,643	231,330	4,654,974	-	4,654,974
Intersegment sales	11,941	42,850	5,452	1,686	234	14,515	76,680	289,685	366,365	(366,365)	-
Total	1,734,165	352,685	666,185	565,715	713,762	467,808	4,500,323	521,016	5,021,340	(366,365)	4,654,974
Segment profit (operating profit)	251,975	19,980	28,144	26,616	24,478	49,342	400,537	48,438	448,975	(68,107)	380,868
Finance income	-	-	-	-	-	-	-	-	-	-	25,097
Finance costs	-	-	-	-	-	-	-	-	-	-	4,110
Profit before tax	-	-	-	-	-	-	-	-	-	-	401,854
Other items											
Depreciation and amortization	112,539	17,952	19,502	22,407	9,793	21,361	203,556	26,980	230,536	207	230,744
Impairment losses (nonfinancial assets)	-	-	-	-	-	-	-	3,527	3,527	-	3,527
Gain on investments accounted for using the equity method	-	-	-	-	-	-	-	29,876	29,876	-	29,876
Capital expenditures	71,672	7,723	17,334	25,614	37,839	41,774	201,957	29,991	231,948	(640)	231,307

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

2: Operating profit under “Reconciliations” amounted to minus ¥8,335 million, consisting of minus ¥157 million from elimination of intersegment transactions, minus ¥5,352 million from group expenses, and minus ¥2,825 million from new business 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 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Instant noodles and associated businesses	425,223	459,024	3,750,509
Other businesses	80,884	110,697	904,464
Total	506,107	569,722	4,654,974

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: Instant rice, confectionery, and beverages

(4) Geographical Information (Note 1)

Sales to external customers

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Japan	364,638	398,166	3,253,256
The Americas (Note 2)	70,875	87,334	713,575
Other areas	70,594	84,222	688,149
Total	506,107	569,722	4,654,974

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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Japan	223,680	215,806	1,763,267
The Americas (Note 4)	18,079	23,790	194,381
Other areas	35,603	40,793	333,306
Total	277,363	280,390	2,290,955

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, 2021 and 2022, is as follows:

		(Millions of yen)		(Thousands of U.S. dollars)
	Main reportable segment	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Mitsubishi Shokuhin Co., Ltd.	NISSIN FOOD PRODUCTS	73,380	75,589	617,615

7. Business Combination

FY 3/2021 (April 1, 2020–March 31, 2021)
(1) Outline of business combination
(a) Name and description of acquired business
Name of acquired business . . . . KOIKE-YA Inc.
Description of business . . . . Confectionery manufacturing and marketing

(b) Acquisition date
November 20, 2020

(c) Percentage of voting equity interest acquired
Voting equity interests prior to the business combination: 34.54%
Additional voting equity interests acquired at the business combination date: 10.57%
Percentage of equity voting interests after the acquisition: 45.12%

(d) Primary reason for business combination
After the business and capital alliance in May 2011, the Group has continued to strengthen its relationship with KOIKE-YA Inc. by acquiring additional shares in KOIKE-YA Inc. and making it an affiliate in August 2012. Synergies were realized through the establishment of collaborative relationships, such as the launch of joint ventures in overseas businesses, in addition to collaboration in product development, marketing, sales, and logistics. The acquisition aims to further promote our efforts to improve corporate value both the Group and KOIKE-YA Inc.

(e) Legal form of the business combination
Cash consideration for the acquisition of shares

(2) Consideration for the acquisition

(Millions of yen)

	Amount
Cash	2,255
Acquisition-date fair value of the acquirer's previously held equity interest in the acquiree	9,063
Contingent consideration (Note)	(126)
Total	11,192

Note: The payment amount changes according to the performance of the acquired company. The fair value hierarchy of the contingent consideration is classified as Level 3.

(3) Gain from remeasurement due to business combination
Gain from the remeasurement of the acquirer's previously held equity interest in the acquiree due to the business acquisition achieved in the stage of ¥4,589 million was recognized in "Other income" in the consolidated statement of income.

(4) Fair values of assets acquired and liabilities assumed, noncontrolling interests, and goodwill at acquisition date

(Millions of yen)

	Amount
Current assets	
Cash and cash equivalents	3,485
Trade and other receivables	6,192
Inventories	1,977
Others	1,213
Noncurrent assets	
Property, plant, and equipment	10,482
Intangible assets (Note 1)	3,251
Others	1,291
Total assets	27,893
Current liabilities	9,280
Noncurrent liabilities	3,540
Total liabilities	12,820
Net asset	15,072
Noncontrolling interests (Note 2)	8,328
Goodwill (Note 3)	4,447

Note 1: Intangible assets mainly consist of "trademarks" of ¥2,920 million. The Group measured the trademarks using the Relief from Royalty Method, which uses inputs, such as the future business plan and discount rate.
2: Noncontrolling interests of acquiree are measured on the proportionate share of the net of identifiable assets and assumed liabilities.
3: Goodwill has mainly arisen from expected future synergy. None of the recognized goodwill is expected to be deductible for tax purposes.

(5) Net cash flows for the acquisition

	(Millions of yen)
	Amount
Consideration for the acquisitions paid in cash	2,255
Less: Cash and cash equivalents owned by subsidiaries acquired	(3,485)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation, net of cash acquired	1,230

(6) Acquisition-related costs
Acquisition-related costs of ¥26 million are included in "Selling, general, and administrative expenses" in the consolidated statement of income.
(7) Impact on the Group's financial results
Profit or loss information related to the business combination after the acquisition date and profit or loss information assuming that the business combination took place at the beginning of the reporting period are omitted because the impact on the consolidated statement of income is not material.
Profit or loss information assuming the business combination took place at the beginning of the reporting period has not been audited by the Company's independent auditor.

FY 3/2022 (April 1, 2021–March 31, 2022)
There were no material transactions to be disclosed.

8. Cash and Cash Equivalents

The details of cash and cash equivalents are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Cash and deposits	90,294	102,005	833,447
Total	90,294	102,005	833,447

9. Trade and Other Receivables

The details of trade and other receivables are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Trade accounts receivable	78,692	86,343	705,475
Trade notes receivable	15	16	134
Accounts receivable - other	6,596	3,786	30,940
Allowance for doubtful accounts	(581)	(691)	(5,652)
Others	114	145	1,188
Total	84,837	89,600	732,086

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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Merchandise and finished goods	19,757	20,854	170,396
Raw materials and supplies	21,143	26,783	218,834
Total	40,901	47,638	389,231

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, 2021 and 2022.

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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Derivative assets	39	103	845
Equity securities	93,467	83,233	680,070
Investment trusts	3,249	3,560	29,089
Bonds	5,762	738	6,034
Deposits	3,975	6,388	52,198
Other	1,387	1,354	11,063
Total	107,881	95,378	779,302
Current assets	6,890	10,271	83,924
Noncurrent assets	100,990	85,107	695,378
Total	107,881	95,378	779,302

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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Premier Foods Plc	23,837	30,169	246,501
ONO PHARMACEUTICAL CO., LTD	11,763	9,082	74,208
ITOCHU Corporation	4,557	5,264	43,017
Mitsubishi Corporation	3,377	4,964	40,562
SAHA PATHANAPIBUL Pub. Co., Ltd.	3,544	4,147	33,888
HOUSE FOODS GROUP INC.	6,188	3,935	32,158

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 3/2021 (From April 1, 2020, to March 31, 2021)		FY 3/2022 (From April 1, 2021, to March 31, 2022)		FY 3/2022 (From April 1, 2021, to March 31, 2022)	
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)
7,013	1,995	15,696	8,016	128,248	65,499

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:

	FY 3/2021 (As of March 31, 2021) (Millions of yen)	FY 3/2022 (As of March 31, 2022) (Millions of yen)	FY 3/2022 (As of March 31, 2022) (Thousands of U.S. dollars)
Other current assets			
Prepaid expenses	1,292	1,890	15,443
Advance payments	1,531	4,030	32,933
Consumption tax receivables	115	132	1,084
Other	1,623	3,467	28,329
Total	4,563	9,520	77,790
Other noncurrent assets			
Prepaid expenses	24	46	377
Retirement benefit assets	1,551	2,303	18,820
Other	357	324	2,651
Total	1,933	2,674	21,849

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, 2020	174,743	217,440	17,586	28,213	8,601	27,799	474,386
Additions	2,311	4,894	1,082	180	19,548	3,749	31,766
Additions on business combination	2,047	3,008	94	1,622	2,260	1,447	10,482
Reclassifications from construction in progress	6,732	13,364	565	546	(21,526)	-	(317)
Sales and disposals	(1,148)	(9,404)	(870)	(4)	(879)	(1,248)	(13,555)
Exchange differences on translation of foreign operations	1,303	1,545	156	234	347	132	3,720
Other	(58)	(296)	0	0	144	(793)	(1,002)
Balance at March 31, 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

(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, 2020	82,148	132,968	13,534	42	229	5,398	234,322
Depreciation	5,685	13,100	1,206	-	-	4,146	24,139
Sales and disposals	(898)	(8,217)	(819)	-	-	(848)	(10,783)
Impairment losses	-	170	2	-	-	-	172
Exchange differences on translation of foreign operations	439	1,070	172	-	(5)	23	1,700
Other	(176)	(521)	0	-	(197)	(314)	(1,209)
Balance at March 31, 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

(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, 2020	92,595	84,471	4,051	28,170	8,372	22,401	240,063
Balance at March 31, 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

(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, 2021	1,519,166	1,883,757	152,111	251,607	69,419	254,004	4,130,067
Additions	12,012	30,280	5,497	2	141,400	35,569	224,763
Reclassifications from construction in progress	47,057	77,924	5,642	-	(130,624)	-	-
Sales and disposals	(12,627)	(48,286)	(4,564)	(784)	(17)	(10,725)	(77,006)
Exchange differences on translation of foreign operations	47,310	51,259	6,074	3,053	4,999	5,759	118,455
Other	(8,725)	(4,400)	132	-	(15,688)	(9,967)	(38,649)
Balance at March 31, 2022	1,604,193	1,990,534	164,892	253,877	69,489	274,641	4,357,630

(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, 2021	712,462	1,132,209	115,188	350	218	68,682	2,029,112
Depreciation	51,236	121,023	10,511	-	-	36,992	219,764
Sales and disposals	(10,061)	(43,414)	(4,046)	-	(16)	(7,179)	(64,719)
Impairment losses	161	3,280	85	-	-	-	3,527
Exchange differences on translation of foreign operations	17,413	33,235	4,154	-	-	599	55,403
Other	(8,924)	(4,429)	(165)	-	(202)	(230)	(13,953)
Balance at March 31, 2022	762,288	1,241,904	125,727	350	-	98,863	2,229,135

(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, 2021	806,704	751,548	36,922	251,256	69,200	185,322	2,100,954
Balance at March 31, 2022	841,905	748,629	39,165	253,527	69,489	175,777	2,128,495

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, 2020	24,874	2,506	10,592	4,056	42,030
Additions	346	0	356	1,365	2,069
Additions on business combination	4,447	2,920	314	16	7,698
Sales and disposals	-	-	(56)	(1)	(57)
Reclassification	-	-	1,113	(1,113)	-
Exchange differences on translation of foreign operations	(1,424)	(141)	(0)	(139)	(1,705)
Other	-	(299)	17	50	(231)
Balance at March 31, 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	-	754	7,265
Other	-	44	308	(25)	327
Balance at March 31, 2022	34,153	5,632	12,987	4,966	57,740

(Millions of yen)

Accumulated amortization and accumulated impairment losses	Goodwill	Trademarks	Software	Others	Total
Balance at April 1, 2020	24,437	2,162	8,473	3,152	38,225
Amortization	-	1	958	206	1,167
Sales and disposals	-	-	(39)	-	(39)
Exchange differences on translation of foreign operations	(1,430)	(141)	(0)	(175)	(1,747)
Other	-	36	15	(328)	(276)
Balance at March 31, 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

(Millions of yen)

Carrying amount	Goodwill	Trademarks	Software	Others	Total
Balance at April 1, 2020	437	344	2,119	905	3,806
Balance at March 31, 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

(Thousands of U.S. dollars)

Acquisition cost	Goodwill	Trademarks	Software	Others	Total
Balance at April 1, 2021	230,774	40,743	100,817	34,602	406,937
Additions	-	2	3,254	3,194	6,450
Sales and disposals	-	-	(3,624)	(30)	(3,655)
Reclassification	-	-	3,147	(3,147)	-
Exchange differences on translation of foreign operations	48,281	4,915	2	6,166	59,365
Other	-	362	2,517	(205)	2,673
Balance at March 31, 2022	279,055	46,023	106,114	40,579	471,772

(Thousands of U.S. dollars)

Accumulated amortization and accumulated impairment losses	Goodwill	Trademarks	Software	Others	Total
Balance at April 1, 2021	187,979	16,820	76,869	23,328	304,997
Amortization	-	30	8,877	1,482	10,390
Sales and disposals	-	-	(3,413)	(19)	(3,432)
Exchange differences on translation of foreign operations	47,515	4,915	-	6,031	58,463
Other	-	362	2,465	(1,197)	1,630
Balance at March 31, 2022	235,494	22,128	84,799	29,625	372,048

(Thousands of U.S. dollars)

Carrying amount	Goodwill	Trademarks	Software	Others	Total
Balance at April 1, 2021	42,795	23,923	23,948	11,274	101,940
Balance at March 31, 2022	43,561	23,894	21,314	10,953	99,723

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 expenditure expensed for the years ended March 31, 2021 and 2022, are ¥7,852 million and ¥10,127 million ($82,750 thousand), respectively.

(2) Significant intangible assets

Intangible assets included in the consolidated statement of financial position are goodwill (carrying amount: ¥4,447 million ($36,340 thousand)) and trademarks (carrying amount: ¥2,920 million ($23,858 thousand)) recognized in connection with the acquisition of KOIKE-YA Inc. in FY2021.

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 ($36,340 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 3/2021 (from April 1, 2020, to March 31, 2021)

(Millions of yen)

Segment	Location	Category	Component	FY 3/2021 (From April 1, 2020, to March 31, 2021)
NISSIN FOOD	Shimonoseki, Yamaguchi prefecture	Business assets	Machinery and equipment	103
Chilled and frozen foods and beverages	Nabari, Mie prefecture	Business assets	Machinery and equipment	66
			Tools, furniture, and fixtures	2
China	China	Business assets	Machinery and equipment	1
		Total		172

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

Segment	Location	Category	Component	(Millions of yen) FY 3/2022 (From April 1, 2021, to March 31, 2022)	(Thousands of U.S. dollars) FY 3/2022 (From April 1, 2021, to March 31, 2022)
Others	India	Business assets	Machinery and equipment	401	3,277
			Buildings and structures	19	161
			Tools, furniture, and fixtures	10	85
			Vehicles	0	3
		Total		431	3,527

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 3/2021 (From April 1, 2020, to March 31, 2021)	2,751	1,016	120	201	163	4,254
FY 3/2022 (From April 1, 2021, to March 31, 2022)	2,790	1,133	150	404	149	4,628

(Thousands of U.S. dollars)

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)	22,799	9,260	1,228	3,307	1,224	37,820

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Additions to right-of-use assets	5,218	4,353	35,569

(Millions of yen)

Book values	Buildings and structures	Machineries and vehicles	Tools, furniture, and fixtures	Land	Others	Total
FY 3/2021 (From April 1, 2020, to March 31, 2021)	11,272	6,057	187	5,066	479	23,063
FY 3/2022 (From April 1, 2021, to March 31, 2022)	9,919	5,603	244	5,736	289	21,793

(Thousands of U.S. dollars)

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)	81,050	45,783	1,996	46,870	2,364	178,064

2. Expenses relating to leases and cash outflows

Expenses relating to leases are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Interest expenses on lease liabilities	256	249	2,037
Expenses relating to short-term leases accounted for applying the optional recognition exemption	169	190	1,557
Expenses relating to leases of low-value assets accounted for applying the optional recognition exemption	73	83	685

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

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Total cash outflow for leases	5,119	5,507	45,001

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:

	FY 3/2021 (From April 1, 2020, to March 31, 2021) (Millions of yen)	FY 3/2022 (From April 1, 2021, to March 31, 2022) (Millions of yen)	FY 3/2022 (From April 1, 2021, to March 31, 2022) (Thousands of U.S. dollars)
Lease income (excluding variable leases)	33	33	274
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	274

Maturity analysis

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

FY 3/2021 (As of March 31, 2021)

(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	1,162	1,330

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 3/2022 (As of March 31, 2022)

(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	274	274	274	274	274	9,219	10,592

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:

Acquisition cost	FY 3/2021 (From April 1, 2020, to March 31, 2021) (Millions of yen)	FY 3/2022 (From April 1, 2021, to March 31, 2022) (Millions of yen)	FY 3/2022 (From April 1, 2021, to March 31, 2022) (Thousands of U.S. dollars)
Beginning balance	8,624	8,885	72,601
Reclassifications from construction in progress	317	-	-
Additions	-	12	105
Disposals	(56)	(224)	(1,833)
Ending balance	8,885	8,674	70,873

Accumulated depreciation and impairment losses	FY 3/2021 (From April 1, 2020, to March 31, 2021) (Millions of yen)	FY 3/2022 (From April 1, 2021, to March 31, 2022) (Millions of yen)	FY 3/2022 (From April 1, 2021, to March 31, 2022) (Thousands of U.S. dollars)
Beginning balance	1,515	1,516	12,392
Depreciation	56	73	604
Disposals	(55)	(224)	(1,831)
Ending balance	1,516	1,366	11,165

	FY 3/2021 (As of March 31, 2021) (Millions of yen)	FY 3/2022 (As of March 31, 2022) (Millions of yen)	FY 3/2022 (As of March 31, 2022) (Thousands of U.S. dollars)
Carrying amount	7,369	7,307	59,707

(2) Fair value

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Investment property	6,961	7,144	58,377

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 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Rent income	438	403	3,296
Direct expenses	160	203	1,663

18. Income Taxes

(1) Income tax expense

1. Income tax expense

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Current tax expense			
Tax expense in current year	13,871	12,690	103,692
Total current tax expense	13,871	12,690	103,692
Deferred tax expense			
Occurrence and reversal of temporary differences	(1,095)	279	2,287
Net changes in unrecognized deferred tax assets	117	(2,043)	(16,697)
Total deferred tax expense	(978)	(1,763)	(14,409)
Total	12,893	10,927	89,283

2. Reconciliation of effective tax rate

		(%)
	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Effective statutory tax rate	30.62	30.62
Gain on investments accounted for using the equity method	(2.96)	(2.28)
Tax credits	(1.70)	(1.80)
Nondeductible permanent items, such as dividends received	(0.74)	(0.95)
Gain from remeasurement due to business combination	(2.50)	-
Net changes in unrecognized deferred tax assets	2.48	(3.39)
Other	(2.27)	0.01
Average effective tax rate	22.93	22.22

(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 3/2020 (As of April 1, 2020)	Recognized through profit or loss	Recognized in other comprehensive income	Business combination	FY 3/2021 (As of March 31, 2021)
Deferred tax assets					
Net defined benefit liability	1,099	-	(1,307)	399	191
Accounts payable	2,832	219	-	324	3,377
Accrued bonuses	1,496	214	-	74	1,785
Long-term accounts payable	98	11	-	100	210
Property, plant, and equipment and intangible assets	5,383	(171)	-	20	5,231
Unused tax losses of subsidiaries	47	(45)	-	-	1
Other	6,688	(293)	-	83	6,478
Total deferred tax assets	17,646	(64)	(1,307)	1,003	17,276
Deferred tax liabilities					
Property, plant, and equipment and intangible assets	(5,623)	(993)	-	-	(6,616)
Other financial assets	(9,968)	-	(5,190)	(5)	(15,163)
Other	(1,604)	1,561	-	(0)	(44)
Total deferred tax liabilities	(17,195)	567	(5,190)	(6)	(21,824)
Net amount	450	502	(6,497)	996	(4,547)

(Millions of yen)

	FY 3/2021 (As of March 31, 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	1,183	(339)	1,035
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	(174)	-	5,057
Unused tax losses of subsidiaries	1	(0)	-	0
Other	6,478	1,216	-	7,695
Total deferred tax assets	17,276	2,040	(339)	18,978
Deferred tax liabilities				
Property, plant, and equipment and intangible assets	(6,616)	(782)	-	(7,399)
Other financial assets	(15,163)	-	1,195	(13,967)
Other	(44)	51	-	7
Total deferred tax liabilities	(21,824)	(731)	1,195	(21,360)
Net amount	(4,547)	1,309	856	(2,381)

(Thousands of U.S. dollars)

	FY 3/2021 (As of March 31, 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	1,564	9,670	(2,772)	8,462
Accounts payable	27,593	(207)	-	27,386
Accrued bonuses	14,588	(800)	-	13,788
Long-term accounts payable	1,722	(501)	-	1,221
Property, plant, and equipment and intangible assets	42,746	(1,421)	-	41,324
Unused tax losses of subsidiaries	12	(5)	-	7
Other	52,934	9,938	-	62,872
Total deferred tax assets	141,163	16,673	(2,772)	155,063
Deferred tax liabilities				
Property, plant, and equipment and intangible assets	(54,064)	(6,397)	-	(60,461)
Other financial assets	(123,895)	-	9,770	(114,124)
Other	(361)	423	-	61
Total deferred tax liabilities	(178,321)	(5,974)	9,770	(174,524)
Net amount	(37,158)	10,699	6,998	(19,460)

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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Deferred tax assets	12,174	11,990	97,971
Deferred tax liabilities	(16,722)	(14,347)	(117,226)
Net amount	(4,547)	(2,356)	(19,255)

(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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Deductible temporary differences	25,617	18,013	147,180
Carryforwards of unused tax losses	23,929	28,087	229,489
Carryforwards of tax credits	211	81	666
Total	49,758	46,182	377,336

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

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
1st year	2,104	2,191	17,904
2nd year	2,170	1,188	9,707
3rd year	1,172	666	5,444
4th year	661	3,393	27,723
5th year and thereafter	17,820	20,648	168,709
Total	23,929	28,087	229,489

(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 ¥148,522 million and ¥175,377 million ($1,432,942 thousand) as of March 31, 2021 and 2022, 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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Trade payables	58,856	64,354	525,812
Notes payable	1,106	1,187	9,705
Nontrade payables	52,339	50,012	408,631
Other	6,972	7,696	62,887
Total	119,275	123,251	1,007,037

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)		
	FY 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)	Average interest rate	Date of maturity
Derivative liabilities	19	11	95		
Short-term borrowings	4,285	4,588	37,494	0.27%	
Current portion of long-term borrowings	5,361	8,653	70,702	0.30%	
Long-term borrowings	38,283	31,673	258,793	0.37%	2023~2033
Lease liabilities	21,601	19,455	158,965	1.60%	2022~2049
Long-term guarantee deposit	624	657	5,375		
Other	212	250	2,050		
Total	70,388	65,292	533,476		
Current liabilities	13,502	16,692	136,390		
Noncurrent liabilities	56,885	48,599	397,085		
Total	70,388	65,292	533,476		

Note 1: The average interest rate is the weighted-average interest rate on the balance of borrowings as of March 31, 2022.
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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Land	2,188	2,083	17,023
Building and structure	4,811	4,581	37,429
Machinery and vehicle	0	0	0
Total	7,000	6,665	54,463

2. Liabilities related to the pledged assets

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Current portion of long-term borrowings	1,303	1,255	10,257
Long-term borrowings	6,783	5,527	45,166
Total	8,087	6,783	55,424

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, 2020	78	176	289	544
Increase	-	11	-	11
Decrease (provision used)	-	(6)	(85)	(92)
Decrease (provision reversed)	-	(55)	-	(55)
Increase due to passage of time	0	4	-	4
Exchange differences on translation of foreign operations	-	(5)	-	(5)
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

(Thousands of U.S. dollars)

	Provision for asset retirement obligations	Provision for losses on lawsuit	Provision for restructuring	Total
Balance at March 31, 2021	643	1,017	1,667	3,328
Increase	1,154	40	-	1,194
Decrease (provision used)	-	(803)	(1,228)	(2,031)
Decrease (provision reversed)	-	(49)	(438)	(487)
Increase due to passage of time	0	28	-	30
Exchange differences on translation of foreign operations	-	159	-	159
Balance at March 31, 2022	1,799	394	-	2,193

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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Current liabilities	204	-	-
Noncurrent liabilities	203	268	2,193
Total	407	268	2,193

22. Other Liabilities

The details of other liabilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Other current liabilities			
Accrued bonuses	5,770	5,301	43,314
Deposits payable	2,843	2,880	23,535
Consumption tax payables	1,217	1,196	9,772
Obligation for unused paid absences	4,005	4,535	37,055
Refund liabilities (accrued rebates)	4,786	7,650	62,512
Other	995	944	7,716
Total	19,617	22,508	183,906
Other noncurrent liabilities			
Accrued long-term expenses	2,064	2,064	16,865
Other	417	414	3,384
Total	2,481	2,478	20,250

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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Present value of the defined benefit obligations	42,733	43,005	351,377
Fair value of plan assets	(39,133)	(40,222)	(328,638)
Subtotal	3,600	2,783	22,739
Effect of asset ceiling	-	90	741
Net defined benefit liabilities	3,600	2,873	23,480
Amounts recognized in the consolidated statement of financial position			
Retirement benefit liabilities	5,151	5,177	42,300
Retirement benefit assets	1,551	2,303	18,820

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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Balance at the beginning	41,422	42,733	349,156
Current service expense	1,847	1,996	16,312
Interest expense	285	329	2,688
Remeasurements			
Actuarial gains and losses arising from changes in demographic assumptions	(359)	30	252
Actuarial gains and losses arising from changes in financial assumptions	(970)	(399)	(3,261)
Actuarial gains and losses arising from experience adjustments	414	80	658
Benefits paid	(1,677)	(1,852)	(15,133)
Increase by business combination	1,758	-	-
Other	12	86	703
Balance at the end	42,733	43,005	351,377

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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Balance at the beginning	35,711	39,133	319,740
Interest income	259	301	2,463
Remeasurements			
Return on plan assets (excluding amounts included in interest income)	3,246	910	7,438
Contributions provided by employer	1,424	1,364	11,149
Benefits paid	(1,507)	(1,487)	(12,154)
Balance at the end	39,133	40,222	328,638

4. Details of effect of asset ceiling

The details of asset ceiling are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Balance at the beginning	-	-	-
Remeasurements			
Effect of asset ceiling (excluding amounts included in interest income)	-	90	741
Balance at the end	-	90	741

5. Details of defined benefit cost

The details of defined benefit cost are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Service cost			
Current service cost	1,847	1,996	16,312
Interest expense	285	329	2,688
Interest income	(259)	(301)	(2,463)
Total defined benefit cost recognized in profit or loss	1,873	2,024	16,537
Remeasurements			
Return on plan assets (excluding amounts included in interest income)	(3,246)	(910)	(7,438)
Actuarial gains and losses arising from changes in demographic assumptions	(359)	30	252
Actuarial gains and losses arising from changes in financial assumptions	(970)	(399)	(3,261)
Actuarial gains and losses arising from experience adjustments	414	80	658
Total defined benefit cost recognized in other comprehensive income	(4,161)	(1,198)	(9,789)
Total	(2,288)	825	6,748

6. Components of plan assets

The details of plan assets by category are as follows:

FY 3/2021 (As of March 31, 2021)

(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)	3,473	-	3,473
Equity securities (overseas)	3,708	-	3,708
Bonds (domestic)	9,760	-	9,760
Bonds (overseas)	2,546	-	2,546
General account for life insurance companies (Note 1)	-	6,078	6,078
Alternative investments (Note 2)	-	9,839	9,839
Other	3,725	-	3,725
Total	23,214	15,918	39,133

FY2022 (As of March 31, 2022)

	(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)	3,539	-	3,539	28,917	-	28,917
Equity securities (overseas)	4,176	-	4,176	34,122	-	34,122
Bonds (domestic)	8,140	-	8,140	66,516	-	66,516
Bonds (overseas)	2,634	-	2,634	21,525	-	21,525
General account for life insurance companies (Note 1)	-	6,169	6,169	-	50,408	50,408
Alternative investments (Note 2)	-	8,932	8,932	-	72,980	72,980
Other	6,629	-	6,629	54,166	-	54,166
Total	25,120	15,101	40,222	205,249	123,389	328,638

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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)
Discount rate (%)	0.8	0.9
Life expectancy (years)	26.4	26.5

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, 2021 and 2022, 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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Discount rate increase by 0.5%	(2,761)	(2,800)	(22,881)
Life expectancy increase by 1 year	629	607	4,967

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, we 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, we 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 ending March 31, 2023, ¥1,339 million ($10,940 thousand) will be paid to plan assets as contributions.

(ii) Maturity analysis for the defined benefit obligations

The weighted-average durations of the defined benefit obligations were 14.6 years and 14.7 years as of March 31, 2021 and 2022, 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 ¥71,203 million and ¥84,300 million ($688,789 thousand) for the years ended March 31, 2021 and 2022, respectively.

24. Equity and Other Equity Items

(1) Equity and treasury shares

1. Shares authorized

(Shares)

	FY 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)
Authorized		
Ordinary shares	500,000,000	500,000,000
Issued		
Beginning balance	105,700,000	105,700,000
Change during the year	-	(1,477,700)
Ending balance	105,700,000	104,222,300

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

2. Treasury shares

(Shares)

	FY 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)
Treasury shares		
Beginning balance	1,529,320	1,528,236
Change during the year	(1,084)	258,170
Ending balance	1,528,236	1,786,406

Note: 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."

(2) Capital surplus

The Companies Act requires that more than half of the payment or contribution upon issuance of shares must be appropriated as share capital and the rest 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 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 3/2021 (From April 1, 2020, to March 31, 2021)

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, 2020	5,729	55	March 31, 2020	June 26, 2020
Board of Directors meeting held on November 6, 2020	5,729	55	September 30, 2020	November 27, 2020

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 25, 2021	6,771	65	March 31, 2021	June 28, 2021

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

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 25, 2021	6,771	65	Mar 31, 2021	Jun 28, 2021	55,324	0.5
Board of Directors meeting held on November 5, 2021	7,213	70	Sep 30, 2021	Nov 29, 2021	58,941	0.5

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, 2022	6,146	60	Mar 31, 2022	Jun 29, 2022	50,217	0.4

26. Revenue

The disaggregation of revenue for each product or geographical segment of our reportable segments is as follows:

In the current fiscal year, the Group has changed the method of presenting the Chilled and frozen foods and beverages segment by combining the beverages businesses, which was included in confectionery and beverages segment, to chilled and frozen food businesses, resulting from the review of the business management classification of the Group. In addition, confectionery segment has become an independent reportable segment.

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

		(Millions of yen)		(Thousands of U.S. dollars)
Reportable segment	Revenue segment	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
NISSIN FOOD PRODUCTS	Instant noodles	189,022	191,571	1,565,258
	Other	16,601	19,211	156,965
	Total	205,624	210,783	1,722,224
MYOJO FOODS	Instant noodles	36,801	37,304	304,802
	Chilled and frozen products	749	615	5,032
	Total	37,551	37,920	309,835
Chilled and frozen foods and beverages	Chilled and frozen products	61,694	65,052	531,520
	Beverages	15,826	15,643	127,813
	Other	174	171	1,398
	Total	77,696	80,867	660,732
Confectionery	Confectionery	41,085	69,025	563,978
	Other	6	6	50
	Total	41,091	69,031	564,029
The Americas	Instant noodles	69,518	85,670	699,982
	Chilled and frozen products	1,354	1,657	13,545
	Total	70,873	87,328	713,528
China	Hong Kong	17,550	19,641	160,480
	Mainland China	30,627	35,837	292,812
	Total	48,177	55,478	453,293
Other	Instant noodles	21,137	25,357	207,183
	Beverages and confectionery	541	730	5,969
	Other	3,413	2,224	18,177
	Total	25,092	28,312	231,330
Revenue in the consolidated financial statements		506,107	569,722	4,654,974

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 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Advertising expenses	16,262	16,578	135,457
Freight and storage charges	41,906	48,836	399,027
Employee salaries	22,390	24,604	201,033
Promotion expenses	11,884	13,329	108,912
Commissions and charges	10,812	12,569	102,701
Other	33,334	35,599	290,868
Total	136,590	151,518	1,238,001

28. Other Income and Other Expenses

The details of other income are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Other income			
Gain on sales of fixed assets	397	258	2,108
Subsidy	1,111	293	2,396
Gain from remeasurement due to business combination (Note)	4,589	-	-
Other	966	1,436	11,737
Total	7,064	1,987	16,241

Note: Details of gain from remeasurement due to business combination are described in Note 7 “Business Combination.”

The details of other expenses are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Other expenses			
Loss on disposal and sales of fixed assets	386	647	5,290
Impairment losses (Note)	172	431	3,527
Other	1,574	934	7,633
Total	2,134	2,013	16,451

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 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Finance income			
Dividend income			
Financial assets measured at FVTOCI			
Investments derecognized during the year	127	204	1,667
Investments held at the end of the year	1,231	1,315	10,751
Subtotal	1,358	1,519	12,418
Interest income			
Financial assets measured at amortized cost	514	1,134	9,266
Subtotal	514	1,134	9,266
Derivative income	-	320	2,616
Other	22	97	795
Total	1,895	3,071	25,097

The details of finance costs are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Finance costs			
Interest expense			
Borrowings	309	238	1,946
Lease liabilities	256	249	2,037
Subtotal	566	487	3,983
Foreign exchange loss	399	-	-
Commissions and charges	212	-	-
Other	15	15	126
Total	1,193	503	4,110

30. Cash Flow

Reconciliation of liabilities arising from financing activities

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

FY 3/2021 (From April 1, 2020, to March 31, 2021)

(Millions of yen)

	Long-term borrowings (Note 1)	Short-term borrowings	Lease liabilities	Derivative liabilities
Balance at April 1, 2020	44,368	3,893	21,427	28
Movement by cash inflow/outflow from financing activities	(926)	(551)	(5,119)	-
Acquisition	-	-	3,771	-
Acquisition by business combination	-	500	1,417	-
Exchange differences on translation of foreign operations	202	443	104	-
Fair value movement	-	-	-	(8)
Balance at March 31, 2021	43,645	4,285	21,601	19

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

(Thousands of U.S. dollars)

	Long-term borrowings (Note 1)	Short-term borrowings	Lease liabilities	Derivative liabilities
Balance at April 1, 2021	356,607	35,015	176,496	160
Movement by cash inflow/outflow from financing activities	(28,674)	(427)	(45,001)	-
Acquisition	-	-	35,571	-
Exchange differences on translation of foreign operations	1,563	2,906	(8,101)	-
Fair value movement	-	-	-	(64)
Balance at March 31, 2022	329,495	37,494	158,965	95

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 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Items that will not be reclassified to profit or loss			
Equity instruments measured at FVTOCI			
Amount arising during the year	29,602	5,061	41,358
Before income tax effect	29,602	5,061	41,358
Income tax effect	(5,196)	(1,675)	(13,691)
Equity instruments measured at FVTOCI	24,405	3,386	27,666
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	74	(28)	(231)
Share of other comprehensive income of investments accounted for using the equity method	74	(28)	(231)
Remeasurements of defined benefit plans			
Amount arising during the year	4,230	1,107	9,048
Before income tax effect	4,230	1,107	9,048
Income tax effect	(1,307)	(339)	(2,772)
Remeasurements of defined benefit plans	2,923	768	6,275
Total items that will not be reclassified to profit or loss	27,403	4,125	33,710
Items that may be reclassified to profit or loss			
Debt instruments measured at FVTOCI			
Amount arising during the year	(6)	(5)	(43)
Reclassification adjustments	29	12	102
Before income tax effect	23	7	59
Income tax effect	(7)	(2)	(20)
Debt instruments measured at FVTOCI	15	4	38
Foreign currency translation differences on foreign operations			
Amount arising during the year	3,551	14,670	119,870
Reclassification adjustments	-	-	-
Before income tax effect	3,551	14,670	119,870
Income tax effect	-	-	-
Foreign currency translation differences on foreign operations	3,551	14,670	119,870
Cash flow hedges			
Amount arising during the year	37	112	917
Reclassification adjustments	(34)	(40)	(330)
Before income tax effect	3	71	587
Income tax effect	(0)	(21)	(179)
Cash flow hedges	2	49	407
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	(3,625)	1,204	9,842
Reclassification adjustments	-	-	-
Share of other comprehensive income of investments accounted for using the equity method	(3,625)	1,204	9,842
Items that may be reclassified to profit or loss	(56)	15,930	130,159
Total other comprehensive income	27,347	20,056	163,869

32. Earnings per Share

(1) Basic earnings per share

(Thousands of U.S. dollars)

	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Profit for the year attributable to owners of the parent (Millions of yen)	40,828	35,412	289,345
Weighted-average number of ordinary shares outstanding (One hundred shares)	1,041,716	1,030,964	
Basic earnings per share (Yen)	391.94	343.49	2.80

(2) Diluted earnings per share

	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Profit for the year attributable to owners of the parent (Millions of yen)	40,828	35,412	289,345
Profit adjustments (Millions of yen)	-	-	-
Diluted profit for the year (Millions of yen)	40,828	35,412	289,345
Weighted-average number of ordinary shares outstanding (One hundred shares)	1,041,716	1,030,964	
Adjustment due to stock acquisition rights to shares (One hundred shares)	6,001	5,936	
Diluted weighted-average number of ordinary shares (One hundred shares)	1,047,718	1,036,900	
Diluted earnings per share (Yen)	389.69	341.53	2.79
Outline of dilutive shares without dilutive effect that were not included in the calculation of diluted profit	-	-	-

33. Share-Based Payments

(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 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 ¥368 million and ¥256 million ($2,096 thousand) for the years ended March 31, 2021 and 2022, respectively.

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

(2) Number of stock options and weighted-average exercise price

	FY 3/2021 (From April 1, 2020, to March 31, 2021)		FY 3/2022 (From April 1, 2021, to March 31, 2022)	
	Number of shares (Shares)	Weighted-average exercise price (Yen)	Number of shares (Shares)	Weighted-average exercise price (Yen)
Beginning balance of outstanding shares	565,769	1	607,629	1
Granted	43,477	1	35,361	1
Exercised	1,617	1	52,476	1
Expired	-	-	-	-
Expired at maturity	-	-	-	-
Ending balance of outstanding shares	607,629	1	590,514	1
Ending balance of exercisable shares	607,629	1	590,514	1

As of March 31, 2021, the exercise price of outstanding stock options was 1 yen and the weighted-average remaining contractual life was 33.40 years.

The weighted-average share price on the date of exercise for the fiscal year ended March 31, 2021, was ¥9,342.81.

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 ($64.91).

(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, 2021 and 2022, was ¥ 8,470.23 and ¥ 7,256.45 ($59.28), 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 3/2021 (From April 1, 2020, to March 31, 2021)

	43rd	44th	45th	46th	47th
Stock price at grant date (Yen)	9,400	9,400	9,400	8,210	8,210
Volatility of stock price (%) (Note 1)	23.30	24.45	24.45	0.90	0.90
Estimated remaining outstanding period (Years) (Note 2)	11.8	2.5	2.5	0.0	0.0
Estimated dividend (Yen per share) (Note 5)	110	110	110	110	110
Risk-free interest rate (%) (Note 4)	0.11	(0.15)	(0.15)	(0.05)	(0.05)

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

	48th	49th	50th	48th (U.S. dollars)	49th (U.S. dollars)	50th (U.S. dollars)
Stock price at grant date (Yen)	8,150	8,150	8,150	66	66	66
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	0.89	0.89	0.89
Risk-free interest rate (%) (Note 4)	0.11	(0.12)	(0.12)			

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, 2020.

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, 2021.

34. Financial Instruments

(1) Capital management

The Group manages its capital in accordance with 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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Interest-bearing debts	69,532	64,371	525,955
Cash and cash equivalents	90,294	102,005	833,447
Interest-bearing debts (net)	(20,762)	(37,633)	(307,492)
Equity (equity attributable to owners of the parent)	384,016	407,660	3,330,831

(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 transaction 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, 2020	2	396	121	15	535
Increase	35	138	-	0	174
Decrease	(1)	(89)	-	-	(91)
Direct write-offs	-	(3)	-	-	(3)
Foreign exchange	-	4	-	0	4
Other	-	(34)	-	(3)	(37)
Balance at March 31, 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

(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, 2021	291	3,363	990	105	4,751
Increase	40	851	-	851	1,742
Decrease	(268)	(598)	-	(3)	(870)
Direct write-offs	-	(0)	-	-	(0)
Foreign exchange	-	188	-	8	196
Other	-	(159)	-	(16)	(175)
Balance at March 31, 2022	64	3,645	990	947	5,645

(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 3/2021(As of March 31, 2021)

(Millions of yen)

	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	119,275	119,275	119,275	-	-	-	-	-
Borrowings	47,930	48,028	9,647	8,568	8,483	8,084	7,632	5,611
Lease liabilities	21,601	24,185	4,466	3,301	2,625	2,304	1,850	9,636
Noncurrent guarantee deposit received	624	624	-	3	-	0	-	620
Other financial liabilities	212	212	-	-	212	-	-	-

(Millions of yen)

	Carrying amount	Contractual cash flow	Within 1 year	More than 1 year
Derivative financial liabilities:				
Interest rate swap contracts	19	19	-	19

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

(Millions of yen)

	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	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	-	11

(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	1,007,037	1,007,037	1,007,037	-	-	-	-	-
Borrowings	366,989	367,904	108,196	70,231	68,452	66,154	39,538	15,330
Lease liabilities	158,965	186,331	34,659	26,612	20,642	16,819	10,016	77,581
Noncurrent guarantee deposit received	5,375	5,375	-	-	-	-	1	5,373
Other financial liabilities	2,050	2,050	-	2,050	-	-	-	-

(Thousands of U.S. dollars)

	Carrying amount	Contractual cash flow	Within 1 year	More than 1 year
Derivative financial liabilities:				
Interest rate swap contracts	95	95	-	95

(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 value 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 appreciates 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 which are not used in this calculation remain constant.

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Income before tax	(386)	(366)	(2,994)

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 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Income before tax	171	82	675

(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 their fair values are deemed to be nearly equal to their book values.
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 3/2021 (As of March 31, 2021)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative assets	-	39	-	39
Equity securities	90,523	-	2,943	93,467
Investment trusts	172	3,076	-	3,249
Bonds	50	5,712	-	5,762
Total	90,746	8,828	2,943	102,518
Financial liabilities:				
Derivative liabilities	-	19	-	19
Other	-	-	212	212
Total	-	19	212	231

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

(Thousands of U.S. dollars)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative assets	-	845	-	845
Equity securities	649,259	-	30,811	680,070
Investment trusts	1,351	27,737	-	29,089
Bonds	408	824	-	1,233
Total	651,019	29,407	30,811	711,238
Financial liabilities:				
Derivative liabilities	-	95	-	95
Other	-	-	2,050	2,050
Total	-	95	2,050	2,146

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2021 and 2022.

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

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Beginning balance	2,704	2,943	24,052
Gains and losses			
Other comprehensive income (Note)	21	263	2,149
Purchases	62	604	4,937
Sales and settlements	(0)	-	-
Increase from business combination	155	-	-
Others	-	(40)	(327)
Ending balance	2,943	3,771	30,811

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 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Beginning balance	-	212	1,734
Gains and losses (Note)	212	38	315
Ending balance	212	250	2,050

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 3/2021 (As of March 31, 2021)		FY 3/2022 (As of March 31, 2022)		FY 3/2022 (As of March 31, 2022)	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities						
Borrowings (Note)	43,645	43,618	40,326	40,207	329,495	328,515
Total	43,645	43,618	40,326	40,207	329,495	328,515

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 amount of financial assets and liabilities offset in the consolidated statement of financial position and the amount 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.

FY2020 (As of March 31, 2021)

(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	415	54	361	-	361
Total	415	54	361	-	361

(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	127	54	73	-	73
Total	127	54	73	-	73

FY2021 (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

(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	15,053	901	14,151	-	14,151
Total	15,053	901	14,151	-	14,151

(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

(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	1,913	901	1,011	-	1,011
Total	1,913	901	1,011	-	1,011

(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 3/2020 (As of March 31, 2021)

(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	553	39	-
	Interest rate risk	Interest rate swaps Fixed-rate payment, variable rate receipt	1,207	-	19
Total			1,761	39	19

The average rate applied to the forward foreign exchange contracts is ¥102.6 per U.S. dollar. The average interest rate applied to the interest rate swap contracts is 0.7%.

FY 3/2021(As of March 31, 2022)

(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	1,835	103	-
	Interest rate risk	Interest rate swaps Fixed-rate payment, variable rate receipt	1,092	-	11
Total			2,928	103	11

(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	15,000	845	-
	Interest rate risk	Interest rate swaps Fixed-rate payment, variable rate receipt	8,925	-	95
Total			23,925	845	95

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%.

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 11 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 3/2021 (From April 1, 2020, to March 31, 2021)

(Millions of yen)

	Foreign exchange risk	Interest rate risk	Total
Balance at March 31, 2020	31	(19)	11
Amount arising during the year (Note 1)	36	1	37
Reclassification adjustments (Note 2)	(41)	6	(34)
Income tax effect	1	(2)	(0)
Balance at March 31, 2021	27	(13)	13

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

	(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, 2021	27	(13)	13	223	(111)	112
Amount arising during the year (Note 1)	110	1	112	901	15	917
Reclassification adjustments (Note 2)	(46)	5	(40)	(379)	48	(331)
Income tax effect	(19)	(2)	(21)	(160)	(19)	(179)
Balance at March 31, 2022	71	(8)	63	586	(66)	519

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: Reclassifications adjustment 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 3/2021 (From April 1, 2020, to March 31, 2021)

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	481	Lease liabilities	280

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

						(Thousands of U.S. dollars)	
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	525	Lease liabilities	223	4,295	1,824

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 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Remuneration and bonuses	959	914	7,475
Share-based payments	334	236	1,932
Total	1,294	1,151	9,408

36. Subsidiaries and Associates

(1) The Group's subsidiaries and associates are summarized in the "Business areas of consolidated subsidiaries and associates".

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 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Noncontrolling interests held by noncontrolling owner (%)	30.00	27.95	27.95
Accumulated noncontrolling interests of the subsidiary	18,846	19,765	161,499

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Profit allocated to the noncontrolling interests of the subsidiary	1,668	1,751	14,313

2. Summarized statements of financial position

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Current assets	47,243	50,241	410,503
Noncurrent assets	26,720	32,430	264,976
Current liabilities	14,592	16,278	133,002
Noncurrent liabilities	1,017	1,260	10,298
Equity	58,354	65,133	532,178

3. Summarized statements of income and comprehensive income

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Revenue	49,323	57,255	467,808
Profit	4,485	4,835	39,508
Comprehensive income	6,627	6,255	51,108

4. Summarized statements of cash flows

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (From April 1, 2020, to March 31, 2021)	FY 3/2022 (From April 1, 2021, to March 31, 2022)	FY 3/2022 (From April 1, 2021, to March 31, 2022)
Net cash from operating activities	7,466	4,777	39,038
Net cash from investing activities	(1,869)	(5,103)	(41,695)
Net cash from financing activities	(1,560)	(5,043)	(41,208)
Effect of exchange rate changes on cash and cash equivalents	2,700	3,853	31,482
Net increase (decrease) in cash and cash equivalents	6,737	(1,515)	(12,382)

37. Commitments

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

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2021 (As of March 31, 2021)	FY 3/2022 (As of March 31, 2022)	FY 3/2022 (As of March 31, 2022)
Commitments to purchase property, plant, and equipment	3,986	4,994	40,806

38. Subsequent events

Signing of Share Purchase Agreement to Acquire Additional Shares in Premier Foods plc (“Premier Foods”)
The Company entered into an agreement to acquire 3.9% of shares in Premier Foods from Oasis Investments II Master Fund Ltd, on May 24, 2022.
Upon completion of the acquisition, Premier Foods is expected to be treated as an equity method affiliate of the Company for accounting purposes.

The Company and Premier Foods entered into a strategic alliance in March 2016 and have since built on their respective strengths to collaborate on various fronts.
For example, the Company has leveraged Premier Foods’ capabilities to distribute CUP NOODLES, Soba, and other brands produced and sold for the UK and European markets, and the Company has codeveloped and co-manufactured Premier Foods’ Batchelors Super Noodles Pot products.
The acquisition is intended to further strengthen the existing strategic relationship and to contribute to continuous creation of value at both the Group and Premier Foods.

Financial impact on the Group’s consolidated earnings from the acquisition is still under review, and additional disclosure will be made if deemed required.

Details of the Transaction

1. Number of shares acquired	33,550,000 share
2. Percentage of shares acquired	3.9% *
3. Total percentage of shares to be held upon completion of the acquisition	22.9% *

* Based on 862,999,357 ordinary shares outstanding as at April 30, 2022.

Deloitte.

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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, 2022, 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, 2022, 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 6. Segment Information and Note 26. Revenue)	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As disclosed in Note 6. "Segment Information" and Note 26. "Revenue" to the consolidated financial statements, revenue recognized for the NISSIN FOOD PRODUCTS segment amounted to ¥210,783 million for the year ended March 31, 2022, which accounted for 37% of the Group's total consolidated revenue. 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. 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 causes 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 large volume of shipment and sales data. 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, and 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. Accordingly, we determined the accuracy of revenue recognition to be a key audit matter.	In order to evaluate the accuracy of revenue recognition, we performed the following audit procedures, among others: • 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 which 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 a sample 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 1, 2022