

Consolidated Financial Statements

Year ended 31 March 2024

NIPPON CORPORATION

Independent Auditor's Report

The Board of Directors
NIPPON CORPORATION

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of NIPPON CORPORATION and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Measurement of goodwill included in the investment in the entity accounted for using equity method	
Description of Key Audit Matter	Auditor's Response
<p>As described in (Significant accounting estimates) under Notes to consolidated financial statements, in the fiscal year ended March 31, 2024, NIPPON CORPORATION (the Company) acquired 25% of the shares of Utah Flour Milling, LLC for ¥3,402 million, including it in the scope of the application of equity method.</p> <p>In applying the equity method to this investment, goodwill of ¥2,526 million, which is the difference between the amount of the investment and the fair value of the corresponding net assets, is included in the carrying amount of the</p>	<p>We mainly performed the following audit procedures in considering the measurement of goodwill for the investment in Utah Flour Milling, LLC and the amortization period.</p> <ul style="list-style-type: none">We inspected minutes of meetings of the Board of Directors and contracts related to the acquisition of shares of Utah Flour Milling, LLC to obtain an understanding of and consider the accounting treatment for the transactions related to the acquisition of shares.

investment in the entity accounted for using equity method.

The goodwill included in the amount of the investment in Utah Flour Milling, LLC is being amortized over a period of 10 years in consideration of the recoverable period of the investment in the Company's business plan.

The Company utilizes the business plan in measuring goodwill and determining the amortization period for goodwill. As described in (Significant accounting estimates) under Notes to consolidated financial statements, the significant assumptions underlying the business plan are the sales volume of wheat flour, the sales margin for wheat flour, the capital investment amount, and interest on borrowings.

Given that the significant assumptions in the business plan involve uncertainty and require management to exercise judgment, we have determined that the measurement of goodwill included in the investment in an entity accounted for using equity method is a key audit matter.

- We involved specialists from an EY network firm to make inquiries of management's experts and test the valuation methods for intangible assets as well as the valuation assumptions.
- We inspected documents for considering the expected recoverable period of the investment based on the business plan for Utah Flour Milling, LLC that was used in measuring goodwill and determining the amortization period for goodwill, and discussed the content of such documents with management.
- We performed the following audit procedures for the significant assumptions forming the basis for the business plan.
 - (1) We discussed the sales volume of wheat flour with management. In addition, we compared the sales volume of wheat flour with the production capacity in the capital investment plan and with sales contracts entered into with major customers.
 - (2) We discussed the sales margin for wheat flour with management. In addition, we compared the yield rate used in the calculation of the margin and the yield rate used in the calculation of cost. Further, we compared margin conditions in wheat flour supply contracts entered into with certain customers with margin conditions in the business plan.
 - (3) We compared interest on borrowings with the borrowing rate in the business plan and with contracts entered into with financial institutions. In addition, we recalculated interest on borrowings.
 - (4) We discussed the capital investment amount with management. In addition, we compared the capital investment amount with quotations.

Revenue recognition for net sales of the Flour Milling business and Food business of NIPPON CORPORATION

Description of Key Audit Matter	Auditor's Response
<p>As described in (Segment information, etc.) under Notes to consolidated financial statements, net sales related to the Flour Milling business and Food business accounted for ¥351,977 million, or 87%, of the total net sales of ¥400,514 million recorded by the Company in the consolidated statements of income for the fiscal year ended March 31, 2024. A substantial portion of the net sales of ¥248,176 million recorded in the non-consolidated statement of income is included in the net sales of the Flour Milling business and Food business.</p> <p>The Flour Milling business and Food business have many trading partners and net sales are generated from many transactions.</p> <p>In addition, the Flour Milling business and Food business are the Company's key businesses and, of the content included in the consolidated financial statements, net sales from these businesses are of particularly high interest to users of the financial statements.</p> <p>Therefore, we have determined that revenue recognition for net sales of the Company's Flour Milling business and Food business is a key audit matter.</p>	<p>We mainly performed the following audit procedures in considering the revenue of the Company's Flour Milling business and Food business.</p> <ul style="list-style-type: none"> • As part of our risk assessment procedures, we analyzed monthly days sales outstanding, compared net sales by customer by period, compared net sales by branch by period, and compared net sales by division by period. • We tested the design and operating effectiveness of internal controls for each process related to recording net sales (i.e., order receipt, shipment, invoicing, and voucher issuance). • We involved IT specialists from an EY network firm to test IT general controls related to the core system for sales work. • We performed sampling using sales transactions recorded throughout the year as the population, and vouched selected transactions to supporting documents such as receipts. • In order to test the cutoff of net sales, we vouched sales transactions recorded around the end of the fiscal year to supporting documents such as receipts. • We considered whether any sales were canceled or changed subsequent to the end of the fiscal year. • We performed balance confirmation procedures for accounts receivable. • We tested the journal entries that were manually entered into the accounting system.

Other Information

Other information comprises the information included in disclosure documents that contain audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing 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. 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not 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 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 in accordance with accounting principles generally accepted in Japan.
- 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 the Audit and Supervisory Committee 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 the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit and Supervisory Committee, 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.

Fee-related Information

The fees for the audits of the financial statements of NIPPON CORPORATION and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are 92 million yen and 2 million yen, respectively.

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.

Ernst & Young ShinNihon LLC
Tokyo, Japan

September 24, 2024

武内 清信

Kiyonobu Takeuchi
Designated Engagement Partner
Certified Public Accountant

佐藤 重義

Shigeyoshi Sato
Designated Engagement Partner
Certified Public Accountant

1. Consolidated financial statements

(1) Consolidated financial statements

(i) Consolidated balance sheets

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	45,594	36,815
Notes and accounts receivable - trade and contract assets *2	60,556	54,119
Merchandise and finished goods	23,185	20,918
Work in process	123	222
Raw materials and supplies	20,760	26,400
Other current assets	7,582	4,607
Allowance for doubtful accounts	(43)	(61)
Total current assets	157,759	143,021
Non-current assets		
Property, plant and equipment		
Buildings and structures	113,666	109,932
Accumulated depreciation	(66,282)	(63,187)
Buildings and structures, net *3, *4	47,383	46,745
Machinery, equipment and vehicles	133,847	128,309
Accumulated depreciation	(111,681)	(107,139)
Machinery, equipment and vehicles, net *3, *4	22,166	21,170
Land *4	45,694	41,027
Construction in progress	5,646	1,741
Other *3, *4	15,250	14,497
Accumulated depreciation	(11,734)	(11,715)
Other, net	3,516	2,782
Total property, plant and equipment	124,407	113,467
Intangible assets	2,423	2,175
Investments and other assets		
Investment securities *1, *4	90,618	77,254
Long-term loans receivable	121	40
Deferred tax assets	1,846	2,075
Net defined benefit asset	5,590	2,370
Other assets	4,208	4,492
Allowance for doubtful accounts	(296)	(320)
Total investments and other assets	102,088	85,914
Total non-current assets	228,919	201,557
Deferred assets	13	26
Total assets	386,692	344,606

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade *4	33,786	36,669
Short-term loans payable *4	18,873	17,572
Current portion of bonds	128	221
Income taxes payable	7,513	2,645
Accrued expenses	9,139	8,132
Refund liabilities	7,543	7,445
Provision for bonuses	909	764
Other current liabilities *5	6,510	5,161
Total current liabilities	84,403	78,613
Non-current liabilities		
Bonds payable	–	128
Convertible bond-type bonds with share acquisition rights	25,020	25,038
Long-term loans payable *4	17,207	21,175
Deferred tax liabilities	22,468	17,673
Net defined benefit liability	3,808	3,881
Accrued retirement benefits for directors	379	406
Provision for share awards for directors (and other officers)	73	–
Other non-current liabilities	5,045	5,075
Total non-current liabilities	74,002	73,378
Total liabilities	158,406	151,992
Net assets		
Shareholders' equity		
Common stock	12,240	12,240
Capital surplus	9,762	9,693
Retained earnings	151,492	128,965
Treasury shares	(1,317)	(1,287)
Total shareholders' equity	172,177	149,612
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	46,122	36,462
Deferred gain (loss) on hedges	19	(23)
Foreign currency translation adjustment	3,131	2,161
Retirement benefits liability adjustments	2,663	473
Total accumulated other comprehensive income	51,937	39,074
Subscription rights to shares	221	226
Non-controlling interests	3,948	3,699
Total net assets	228,285	192,613
Total liabilities and net assets	386,692	344,606

(ii) Consolidated statements of income and comprehensive income
(Consolidated statements of income)

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Net sales *1	400,514	365,525
Cost of sales	306,513	285,452
Gross profit	94,000	80,073
Selling, general and administrative expenses		
Freight, sales commission and other expenses	24,337	23,707
Salaries and wages	24,090	22,935
Retirement benefit expenses	649	549
Depreciation	1,526	1,491
Other	23,055	19,101
Total selling, general and administrative expenses *2	73,659	67,785
Operating income	20,340	12,288
Non-operating income (expenses)		
Interest income	113	77
Dividend income	2,089	1,923
Rent income on fixed assets	179	227
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	136	309
Foreign exchange gains	117	95
Interest expenses	(190)	(202)
Rent cost on fixed assets	(58)	(18)
Share exchange related expenses	-	(222)
Gain on sales of fixed assets	49	12
Gain on sales of investment securities	13,504	743
Gain on sales of businesses	350	-
Loss on sales and disposal of fixed assets	(238)	(228)
Impairment loss *3	(25)	(514)
Loss on sales of shares of subsidiaries and associates	(245)	-
Loss on valuation of investment securities	(324)	(82)
Loss on plant closures *4	(129)	-
Other non-operating income (expenses), net	492	301
Total non-operating income (expenses), net	15,823	2,422
Profit before income taxes	36,163	14,710
Income taxes - current	9,725	4,494
Income taxes - deferred	(203)	(132)
Total income taxes	9,522	4,362
Profit	26,641	10,347
Profit attributable to non-controlling interests	273	87
Profit attributable to owners of parent	26,367	10,260

(Consolidated statements of comprehensive income)

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Profit	26,641	10,347
Other comprehensive income (loss)		
Unrealized holding gain (loss) on securities	9,753	6,059
Deferred gain (loss) on hedges	39	(113)
Foreign currency translation adjustment	926	1,176
Retirement benefits liability adjustments	2,189	4
Share of other comprehensive income of entities accounted for using equity method	63	5
Total other comprehensive income (loss) *1	12,972	7,133
Comprehensive income	39,614	17,481
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	39,308	17,376
Comprehensive income attributable to non- controlling interests	305	105

(iii) Consolidated statements of changes in net assets
FY2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,240	9,693	128,965	(1,287)	149,612
Changes during period					
Dividends of surplus			(3,834)		(3,834)
Profit attributable to owners of parent			26,367		26,367
Change in scope of consolidation			(6)		(6)
Purchase of treasury shares				(448)	(448)
Disposal of treasury shares		50		417	467
Change due to share exchanges					-
Change in ownership interest of parent due to transactions with non-controlling interests		18			18
Net changes of items other than shareholders' equity					
Total changes during period	-	68	22,526	(30)	22,564
Balance at end of current period	12,240	9,762	151,492	(1,317)	172,177

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustment	Retirement benefits liability adjustments	Total accumulated other comprehensive income			
Balance at beginning of current period	36,462	(23)	2,161	473	39,074	226	3,699	192,613
Changes during period								
Dividends of surplus								(3,834)
Profit attributable to owners of parent								26,367
Change in scope of consolidation								(6)
Purchase of treasury shares								(448)
Disposal of treasury shares								467
Change due to share exchanges								-
Change in ownership interest of parent due to transactions with non-controlling interests								18
Net changes of items other than shareholders' equity	9,659	43	970	2,189	12,862	(4)	249	13,107
Total changes during period	9,659	43	970	2,189	12,862	(4)	249	35,672
Balance at end of current period	46,122	19	3,131	2,663	51,937	221	3,948	228,285

FY2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	12,240	11,307	121,817	(3,198)	142,166
Changes during period					
Dividends of surplus			(3,023)		(3,023)
Profit attributable to owners of parent			10,260		10,260
Change in scope of consolidation			(69)		(69)
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares			(0)	34	34
Change due to share exchanges			(18)	1,878	1,860
Change in ownership interest of parent due to transactions with non-controlling interests		(1,613)			(1,613)
Net changes of items other than shareholders' equity					
Total changes during period	–	(1,613)	7,148	1,911	7,446
Balance at end of current period	12,240	9,693	128,965	(1,287)	149,612

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustment	Retirement benefits liability adjustments	Total accumulated other comprehensive income			
Balance at beginning of current period	30,409	88	981	475	31,954	195	4,381	178,697
Changes during period								
Dividends of surplus								(3,023)
Profit attributable to owners of parent								10,260
Change in scope of consolidation								(69)
Purchase of treasury shares								(2)
Disposal of treasury shares								34
Change due to share exchanges								1,860
Change in ownership interest of parent due to transactions with non-controlling interests								(1,613)
Net changes of items other than shareholders' equity	6,052	(111)	1,180	(1)	7,120	31	(682)	6,468
Total changes during period	6,052	(111)	1,180	(1)	7,120	31	(682)	13,915
Balance at end of current period	36,462	(23)	2,161	473	39,074	226	3,699	192,613

(iv) Consolidated statements of cash flows

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Operating activities		
Profit before income taxes	36,163	14,710
Depreciation	10,314	9,966
Changes in net defined benefit asset and net defined benefit liability	(178)	(132)
Increase (decrease) in accrued retirement benefits for directors	(27)	(50)
Increase (decrease) in provision for share awards for directors (and other officers)	73	-
Increase (decrease) in allowance for doubtful accounts	(44)	(65)
Impairment loss	25	514
Interest and dividend income	(2,202)	(2,001)
Interest expenses	190	202
Loss (gain) on sales of investment securities	(13,506)	(804)
Loss (gain) on valuation of investment securities	324	82
Foreign exchange losses (gains)	(51)	(93)
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(136)	(309)
Loss (gain) on sales of fixed assets	(22)	46
Loss (gain) on sales of businesses	(350)	-
Loss on disposal of fixed assets	220	181
Loss (gain) on sale of shares of subsidiaries and associates	245	-
Loss on plant closures	129	-
Decrease (increase) in notes and accounts receivable - trade	(6,284)	(3,468)
Decrease (increase) in inventories	3,611	(7,524)
Increase (decrease) in notes and accounts payable - trade	(3,068)	2,555
Increase (decrease) in accrued consumption taxes	(148)	2,385
Decrease (increase) in other receivables	(668)	(598)
Increase (decrease) in other payables	2,120	1,290
Other, net	124	143
Subtotal	26,852	17,031
Interest and dividend income received	2,227	2,022
Interest expenses paid	(189)	(202)
Income taxes paid	(4,868)	(3,796)
Net cash provided by (used in) operating activities	24,022	15,055

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Investing activities		
Decrease (increase) in time deposits	(959)	(546)
Purchase of fixed assets	(21,157)	(7,835)
Proceeds from sales of fixed assets	409	1,205
Purchase of securities	(3,030)	(1,000)
Proceeds from sale and redemption of securities	1,016	2,114
Purchase of investment securities	(157)	(176)
Proceeds from sales and redemption of investment securities	16,275	1,593
Purchase of shares of subsidiaries and associates	(3,506)	-
Proceeds from sales of shares of subsidiaries and associates	979	-
Proceeds from sales of businesses	350	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(295)
Payments of loans receivable	(98)	(17)
Collection of loans receivable	13	13
Decrease (increase) in other investments	375	(81)
Net cash provided by (used in) investing activities	<u>(9,489)</u>	<u>(5,026)</u>
Financing activities		
Net increase (decrease) in short-term loans payable	736	(2,713)
Proceeds from long-term loans payable	300	660
Repayments of long-term loans payable	(3,891)	(2,402)
Redemption of bonds	(221)	(91)
Purchase of treasury shares	(448)	(2)
Proceeds from sales of treasury shares	446	0
Cash dividends paid	(3,834)	(3,023)
Dividends paid to non-controlling interests	(37)	(19)
Repayments of finance lease obligations	(292)	(299)
Other, net	0	(511)
Net cash provided by (used in) financing activities	<u>(7,241)</u>	<u>(8,402)</u>
Effect of exchange rate changes on cash and cash equivalents	293	394
Net increase (decrease) in cash and cash equivalents	<u>7,584</u>	<u>2,021</u>
Cash and cash equivalents at beginning of period	33,157	31,215
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(13)	(78)
Cash and cash equivalents at end of period *1	<u>40,728</u>	<u>33,157</u>

Notes to consolidated financial statements

(Basis of preparation of the consolidated financial statements)

1. Basis of preparation

The accompanying consolidated financial statements of NIPPON CORPORATION (the “Company”) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRS”), and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically within Japan so as to present them in a format which is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2023 to conform to the classifications used for the year ended March 31, 2024.

Japanese yen figures less than one million yen are rounded down to the nearest million yen, except for per share data.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates.

2. Scope of consolidation

- (1) Number and names of consolidated subsidiaries
40 companies

Names of major consolidated subsidiaries

Matsuya Flour Mills Co., Ltd., NIPPON SHOJI Co., Ltd., NIPPON SHOJI CORPORATION, SUZUKI Co., Ltd., Marushichi Co., Ltd., OHMY Co., Ltd., Nippon Rich Co., Ltd., Fast Foods Co., Ltd., OK Food Industry Co., Ltd., NAGANO TOMATO Co., Ltd., NIPPON Donut Co., Ltd., NPF Japan Co., Ltd., and NIPPON ENGINEERING CO., Ltd.

In the current fiscal year, NIPPON Shoji Kyushu Co., Ltd. and one other company were excluded from the scope of consolidation due to merger and other reasons.

- (2) Names of major unconsolidated subsidiaries
NIPPON Logistics Co., Ltd. and Chiba Grain Center Co., Ltd.

(Reasons for exclusion of unconsolidated subsidiaries from the scope of consolidation)

Each of the 20 unconsolidated subsidiaries is small in scale and their total assets, sales and net profit or loss (amount corresponding to the equity interest) and retained earnings (amount corresponding to the equity interest) and others do not have a material effect on the consolidated financial statements.

3. Application of equity method

- (1) Number of unconsolidated subsidiaries and affiliates accounted for using equity method
14 companies (of which seven unconsolidated subsidiaries and seven affiliates)

Names of major equity method companies

NIPPON Logistics Co., Ltd.

In the current fiscal year, Utah Flour Milling, LLC was included in the scope of the application of equity method due to a new equity investment. In addition, one company was excluded from the scope of the application of equity method due to sales of its shares.

- (2) Names of major unconsolidated subsidiaries and affiliates not accounted for using equity method
Isesaki Foodworks Co., Ltd.

(Reasons for not applying the equity method)

There are 13 unconsolidated subsidiaries and 14 affiliates not accounted for using the equity method. They are not accounted for using the equity method because they have only a minor effect on the consolidated financial statements and have no significance as a whole in terms of net profit or loss

(amount corresponding to the equity interest), retained earnings (amount corresponding to the equity interest) and others.

4. Fiscal year end of consolidated subsidiaries

The consolidated subsidiaries whose balance sheet date is different from the consolidated balance sheet date are as follows:

<u>Company name</u>	<u>Balance sheet date</u>
Pasta Montana, L.L.C. and eight other companies	December 31*

* Financial statements as of the balance sheet date of each consolidated subsidiary have been used. However, necessary adjustments are made on consolidation for significant transactions that occurred between the balance sheet date of these subsidiaries and the consolidated financial statements date.

5. Significant accounting policies

(1) Valuation bases and methods for significant assets

(i) Securities

Other securities

Securities other than shares, etc. that do not have a market price

Stated at fair value (unrealized gain or loss is included as a separate component of net assets, and cost of securities sold is determined based on the moving-average method).

Shares, etc. that do not have a market price

Stated at cost using the moving-average method.

(ii) Derivatives

Derivatives financial instruments are stated at fair value.

(iii) Inventories

Merchandise and finished goods

The Company and domestic consolidated subsidiaries mainly adopt the cost method based on the (monthly) gross average method (carrying amounts on the balance sheet are subject to the lower of cost or market value method), and foreign consolidated subsidiaries mainly adopt the lower of cost or market value method, with cost determined by the first-in first-out method.

Raw materials and supplies

For raw materials on an immediate sale basis, the Company and domestic consolidated subsidiaries mainly adopt the first-in first-out cost method (carrying amounts on the balance sheet are subject to the lower of cost or market value method). For other raw materials and supplies, they mainly adopt the (monthly) gross average method (carrying amounts on the balance sheet are subject to the lower of cost or market value method). Foreign consolidated subsidiaries mainly adopt the lower of cost or market value method, with cost determined by the first-in first-out method.

(2) Depreciation and amortization methods for major depreciable and amortizable assets

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

The Company and domestic consolidated subsidiaries mainly adopt the declining-balance method. However, they adopt the straight-line method for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016. Foreign consolidated subsidiaries mainly adopt the straight-line method.

The estimated useful lives of major items are as follows:

Buildings and structures 3 to 50 years

Machinery, equipment and vehicles 4 to 12 years

(ii) Intangible assets (excluding leased assets)

The straight-line method is applied.

Software for internal use is amortized based on the estimated useful life as internally determined (five years).

(iii) Leased assets

The straight-line method is applied on the assumptions that the useful life equals the lease term and the residual value is zero.

(3) Accounting policy for significant provisions

- (i) Allowance for doubtful accounts
For the Company and domestic consolidated subsidiaries, allowance for doubtful accounts is provided based on past experience for normal receivables and using a specific estimate of the collectability of individual receivables from companies in financial difficulty in order to prepare for losses from bad debt.
 - (ii) Provision for bonuses
To prepare for the payment of bonuses to employees, the amount is provided based on the expected amount to be paid.
 - (iii) Accrued retirement benefits for directors
To provide for the payment of directors' retirement benefits, the Company and domestic consolidated subsidiaries reserve the amount required as of the end of the current fiscal year based on their internal regulations.
 - (iv) Provision for share awards for directors (and other officers)
To provide for the delivery of the Company's shares through the Board Benefit Trust, the Company reserves the estimated amount of shares to be delivered corresponding to the number of points granted to directors based on its internal regulations.
- (4) Accounting methods for retirement benefits
- (i) Method of attributing expected retirement benefits to periods
In calculating retirement benefit obligations, the benefit formula basis is used as the method for attributing the expected retirement benefits to the periods.
 - (ii) Actuarial differences
Unrecognized actuarial gains and losses are amortized by the straight-line method over a fixed period (ten years) which is within the average remaining service period of employees, starting from the respective fiscal years following the fiscal year in which they arose.
- (5) Accounting policy for significant revenue and expense
The Group's core businesses are Flour Milling business and Food business. The Group sells to customers finished goods and merchandise (wheat flour and premixes, etc.) manufactured by the Group. Revenue from sale of these finished goods and merchandise is recognized when they are delivered to customers.
In addition, revenue is measured at the amount of consideration promised in contracts with customers less sales incentives, etc.
- (6) Significant hedge accounting method
- (i) Hedge accounting method
Deferred hedge accounting is applied. Interest rate swaps that satisfy certain requirements are accounted for by the special treatment.
 - (ii) Hedging instruments and hedged items

· Hedging instruments	Interest rate swaps and forward exchange contracts
· Hedged items	Loans payable, receivables and payables denominated in foreign currencies or expected transactions denominated in foreign currencies
 - (iii) Hedging policy
For interest rate-related transactions, hedges are entered into solely for avoiding risks arising from possible interest rate changes in the future. For currency-related transactions, forward exchange contracts are used to hedge risks arising from possible fluctuations of foreign exchange rates on transactions denominated in foreign currencies.
 - (iv) Assessment of hedge effectiveness
The hedge effectiveness of interest rate swaps is assessed by comparing the accumulated cash flow changes of the hedged items and the accumulated cash flow changes of the hedging instruments. However, the assessment of hedge effectiveness has been omitted for interest rate swaps by which the risk of changes in interest rate would be entirely eliminated. For forward foreign exchange contracts, the evaluation of hedge effectiveness has been omitted as significant conditions are identical for the exchange contracts and the hedged items or scheduled transactions and it is assumed that market fluctuations or cash flow changes are offset at the time of commencement of hedging and thereafter.

- (7) Method and period for amortization of goodwill
Goodwill is amortized by the straight-line method over a period of five to ten years.
- (8) Scope of cash and cash equivalents in consolidated statements of cash flows
Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, demand deposits, and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.
- (9) Method for processing deferred assets
Bond issuance cost is amortized by the straight-line method across the period from the date of issuance until the date of redemption.

(Significant accounting estimates)

FY2024 (From April 1, 2023 to March 31, 2024)

(Evaluation of investments in and financing to subsidiaries and associates)

1. Amounts recorded on the consolidated financial statements for the current fiscal year

The Group has acquired 25% of shares in Utah Flour Milling, LLC at ¥3,402 million and included the company in the scope of the application of equity method during the current fiscal year. The balance of goodwill included in the amount of investment in the said company accounted for using equity method and the amortization period of goodwill at the end of the current fiscal year are as follows:

Amount of goodwill: ¥2,526 million (Amortization period: 10 years)

2. Other information that contributes to the understanding of the users of the financial statements

The Company determined that it is unnecessary to recognize impairment on the amount of goodwill, based on the estimation of future cash flows with reference to the business plan.

(1) Calculation method of amounts recorded on the consolidated financial statements for the current fiscal year

The amount of goodwill is a difference between the amount of investment and net assets at fair value corresponding to the investment. Amortization period of goodwill is determined based on the business plan.

(2) Significant assumptions

Significant assumptions in the business plan included trends in the market to which the said company accounted for using equity method belongs, the sales volume and sales margins of wheat flour based on sales contracts with major customers, capital investment, and interests on loans payable.

(3) Impact on the consolidated financial statements for the next fiscal year

Changes in those significant assumptions may cause actual results to deviate substantially from the business plan. In such a case, the amount of goodwill may indicate impairment, and an impairment loss may be recognized.

FY2023 (From April 1, 2022 to March 31, 2023)

(Impairment of non-current assets)

1. Amounts recorded on the consolidated financial statements for the current fiscal year

The Group owns various non-current assets which are used for business purposes. When the Group assesses the possibility of impairment, these assets are categorized into business assets that are grouped by branches and factories and based on certain regions, etc. according to mutual complementarity in cash flows, an asset group for common use, leased assets, and idle assets. Of the non-current asset groups identified as having indications of impairment, the significant ones were the non-current assets of ¥7,550 million included in the following asset group belonging to the Food segment. However, impairment loss has not been recognized as undiscounted future cash flows arising from each asset group exceed the book value of each asset group.

Asset group	Location	Intended use	Type of assets	Book value
Manufacturing factory for deep-fried bean curd	Asakura city, Fukuoka	Business assets	Land, buildings, etc.	¥7,550 million

2. Other information that contributes to the understanding of the users of the financial statements

The asset group of the manufacturing factory for deep-fried bean curd in Asakura city, Fukuoka is deemed as indicating impairment, as a result of decrease in profitability due to changes in the business environment such as sporadic increases in the price of raw materials.

(1) Calculation method of undiscounted future cash flows

Undiscounted future cash flows have been calculated based on the business plan approved by the Board of Directors of a consolidated subsidiary to which the asset group belongs.

(2) Significant assumptions

The estimation of future cash flows has been calculated based on the business plan approved by the Board of Directors. Significant assumptions included sales unit price and market growth rate in the estimation of net sales, and trends in raw material prices and the effect of cost reduction through management improvement plans in the estimation of cost of sales and selling and administrative expenses.

In addition, net selling prices at a future point in time has been calculated based on appraisals obtained from real estate appraisers.

(3) Impact on the consolidated financial statements for the next fiscal year

Changes in those significant assumptions may result in a decrease in the total amount of undiscounted future cash flows arising from the asset group. If the undiscounted future cash flows fall below the book value, impairment loss may be recorded.

(Changes in accounting policies)

Not applicable

(Changes in presentation)

(Consolidated statements of cash flows)

“Proceeds from sales of treasury shares,” which were included in “Other, net” in “Financing activities” in the previous fiscal year, were presented separately in the current fiscal year due to an increase in quantitative materiality.

To reflect this change in presentation method, in the consolidated statements of cash flows for the previous fiscal year, ¥(511) million that had been presented as “Other, net” in “Financing activities” was reclassified as ¥0 million in “Proceeds from sales of treasury shares” and ¥(511) million in “Other, net.”

(Additional information)

(Introduction of a performance-linked stock compensation plan for Directors)

Based on the resolution adopted at its 199th Annual Shareholders Meeting held on June 29, 2023, the Company introduced a new performance-linked stock compensation plan known as the Board Benefit Trust (BBT) (hereinafter referred to as the “Plan”) for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; the same applies hereinafter in this item) of the Company.

1. Overview of the transaction

The Plan is a performance-linked stock compensation plan. Company shares are acquired through a trust (the trust established under the Plan will hereinafter be referred to as the “Trust”) with money contributed by the Company as a source of funds, and Company shares and money equivalent to Company shares converted at market value (hereinafter referred to as “Company Shares, etc.”) are delivered to Directors through the Trust in accordance with the Regulations on Directors’ Stock Benefits established by the Company. In principle, Directors will receive Company Shares, etc. at the time of their retirement.

2. Company’s own shares remaining in the trust

Company shares remaining in the trust have been recorded as Treasury shares under Net assets based on the book value at the trust (excluding the amount of incidental expenses). The book value and the number of shares of such treasury shares are ¥446 million and 240,000 shares, respectively, at the end of the current fiscal year.

3. Book value of loans payable recorded due to the application of gross method

Not applicable.

(Consolidated balance sheets)

*1 Investment securities in unconsolidated subsidiaries and affiliates are as follows:

	(Millions of yen)	
	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
Investment securities	8,148	5,777

*2 Amounts of receivables from contracts with customers and contract assets included in notes and accounts receivable - trade and contract assets are as follows:

	(Millions of yen)	
	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
Notes receivable - trade	1,398	881
Accounts receivable - trade	58,839	53,237
Contract assets	318	—
Total	60,556	54,119

*3 Accumulated reduction entry amount deducted from the acquisition cost of property, plant and equipment due to acceptance of government subsidies and others are as follows:

	(Millions of yen)	
	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
	852	812

*4 Assets pledged as collateral

(1) Assets pledged as collateral

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
Buildings and structures	734	810
Machinery and equipment	39	79
Land	947	947
Property, plant and equipment (other)	0	0
Investment securities	216	173
Total	1,937	2,011

(2) Liabilities corresponding to assets pledged as collateral

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
Short-term loans payable	1,300	1,300
Long-term loans payable (including current portion)	302	362
Notes and accounts payable - trade	730	748
Total	2,332	2,410

*5 Amounts of contract liabilities included in other current liabilities are as follows:

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
Contract liabilities	301	396

6 The Company has provided guarantees for borrowings of its employees and others as follows:

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
Employees	3	4
Subsidiaries and associates	37	47
Total	41	52

(Consolidated statements of income)

*1 Amounts of revenue from contracts with customers and revenue from other sources are provided in notes on “Segment information, etc.” in the consolidated financial statements.

*2 Research and development expenses included in general and administrative expenses are as follows:

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
	3,606	3,444

*3 Impairment loss

Impairment loss has been recorded for the following assets.

FY2024 (From April 1, 2023 to March 31, 2024)

Location	Intended use	Type of assets
Oyama City, Tochigi	Business assets	Buildings, etc.

In assessing the possibility of impairment, the Group categorizes its assets into business assets that are grouped by branches and factories and based on certain regions, etc. according to mutual complementarity in cash flows, an asset group for common use, leased assets, and idle assets. The book value of some of the abovementioned asset group has been reduced to a recoverable amount. The amount recorded as impairment loss is ¥25 million.

Although the recoverable amount is measured by value in use, it is stated as zero, as no future cash flow is expected.

FY2023 (From April 1, 2022 to March 31, 2023)

Location	Intended use	Type of assets
China	Business assets	Buildings, etc.

In assessing the possibility of impairment, the Group categorizes its assets into business assets that are grouped by branches and factories and based on certain regions, etc. according to mutual complementarity in cash flows, an asset group for common use, leased assets, and idle assets. The book value of the abovementioned assets has been reduced to a recoverable amount. The amount recorded as impairment loss is ¥429 million.

The recoverable amount is measured by net selling prices, which is calculated based on appraisal reports obtained from independent real estate appraisers and other information.

Location	Intended use	Type of assets
Asakura City, Fukuoka	Business assets	Buildings, etc.

The book value of some of the abovementioned asset group has been reduced to a recoverable amount. The amount recorded as impairment loss is ¥85 million.

Although the recoverable amount is measured by value in use, it is stated as zero, as no future cash flow is expected.

*4 Loss on plant closures

FY2024 (From April 1, 2023 to March 31, 2024)

This is a loss associated with the closure of Osaka Mill of the Company. The breakdown is as follows:

Details	Amount (Millions of yen)
Loss relating to impairment loss	63
Other miscellaneous expenses (Equipment removal costs, etc.)	65
Total	129

Details of impairment loss are as follows:

Location	Intended use	Type of assets
Osaka City, Osaka	Business assets	Machinery and equipment, etc.

For the abovementioned asset groups, the book value of relevant assets has been reduced to a recoverable amount following the decision to close the mill.

The recoverable amount is stated as zero, as no future cash flow is expected because the impairment loss is attributable to the closure of the mill.

(Consolidated statements of comprehensive income)

*1 Reclassification adjustments and tax effects relating to other comprehensive income

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Unrealized holding gain (loss) on securities:		
Amount arising during the year	27,315	9,414
Reclassification adjustments	(13,262)	(682)
Before tax effect adjustments	14,052	8,731
Tax effects	(4,299)	(2,671)
Unrealized holding gain (loss) on securities	9,753	6,059
Deferred gain (loss) on hedges:		
Amount arising during the year	229	174
Reclassification adjustments	(172)	(337)
Before tax effect adjustments	57	(162)
Tax effects	(17)	49
Deferred gain (loss) on hedges	39	(113)
Foreign currency translation adjustment:		
Amount arising during the year	926	1,176
Retirement benefits liability adjustments:		
Amount arising during the year	3,139	156
Reclassification adjustments	(39)	(157)
Before tax effect adjustments	3,100	(1)
Tax effects	(910)	5
Retirement benefits liability adjustments	2,189	4
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the year	63	5
Total other comprehensive income (loss)	12,972	7,133

(Consolidated statements of changes in net assets)

The Companies Act of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

FY2024 (From April 1, 2023 to March 31, 2024)

1. Class and total number of issued shares and treasury shares

(Thousands of shares)

	Number of shares as of April 1, 2023	Increase in number of shares during fiscal year	Decrease in number of shares during fiscal year	Number of shares as of March 31, 2024
Issued shares				
Common stock	78,824	–	–	78,824
Treasury shares				
Common stock (Note 1, 2, 3)	860	240	253	848

- Notes:
1. The number of treasury shares as of March 31, 2024 includes the Company's shares of 240 thousand shares held by Custody Bank of Japan, Ltd. (Trust E Account) as the trust property of the Board Benefit Trust, which was established for the purpose of stock compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) of the Company.
 2. The increase in the number of treasury shares of common stock was due to the acquisition of treasury shares by the trust of 240 thousand shares and the purchase of shares less than one unit of 0 thousand shares.
 3. The decrease in the number of treasury shares of common stock was due to the payout of treasury shares by the trust of 240 thousand shares, the disposal of 13 thousand shares through the exercise of stock options and the sale of shares less than one unit of 0 thousand shares.

2. Subscription rights to shares and treasury subscription rights to shares

Category	Breakdown of subscription rights to shares	Class of shares to be issued upon exercise of subscription rights to shares	Number of shares to be issued upon exercise of subscription rights to shares (Shares)				Balance as of March 31, 2024 (Millions of yen)
			As of April 1, 2023	Increase	Decrease	As of March 31, 2024	
Reporting company (Parent company)	Euro-yen denominated convertible bond-type bonds with share acquisition rights due 2025	Common stock	11,021,955	71,406	–	11,093,361	(Note) –
	Subscription rights to shares as stock options	–	–	–	–	–	221
Total		–	–	–	–	–	221

Note: The lump-sum method is used for the convertible bond-type bonds with share acquisition rights.

3. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 29, 2023	Common stock	1,640	21.0	March 31, 2023	June 30, 2023
Board of Directors meeting held on November 7, 2023	Common stock	2,194	28.0	September 30, 2023	December 4, 2023

Note: Total amount of dividends based on resolution of the Board of Directors meeting held on November 7, 2023 includes dividends of ¥6 million on the Company's shares, which are held by Custody Bank of Japan, Ltd. (Trust E Account) as the trust property of the Board Benefit Trust (BBT).

(2) Dividends for which record date is in the fiscal year but whose effective date is in the following fiscal year

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 27, 2024	Common stock	2,977	Retained earnings	38.0	March 31, 2024	June 28, 2024

Note: Total amount of dividends includes dividends of ¥9 million on the Company's shares, which are held by Custody Bank of Japan, Ltd. (Trust E Account) as the trust property of the Board Benefit Trust (BBT).

FY2023 (From April 1, 2022 to March 31, 2023)

1. Class and total number of issued shares and treasury shares

(Thousands of shares)

	Number of shares as of April 1, 2022	Increase in number of shares during fiscal year	Decrease in number of shares during fiscal year	Number of shares as of March 31, 2023
Issued shares				
Common stock	78,824	–	–	78,824
Treasury shares				
Common stock (Note 1, 2)	2,021	1	1,161	860

- Notes:
1. The increase in the number of treasury shares of common stock was mainly due to the purchase of shares less than one unit.
 2. The decrease in the number of treasury shares of common stock was due to the disposal of 21 thousand shares through the exercise of stock options and the exchange of 1,140 thousand shares.

2. Subscription rights to shares and treasury subscription rights to shares

Category	Breakdown of subscription rights to shares	Class of shares to be issued upon exercise of subscription rights to shares	Number of shares to be issued upon exercise of subscription rights to shares (Shares)				Balance as of March 31, 2023 (Millions of yen)
			As of April 1, 2022	Increase	Decrease	As of March 31, 2023	
Reporting company (Parent company)	Euro-yen denominated convertible bond-type bonds with share acquisition rights due 2025	Common stock	10,968,279	53,676	–	11,021,955	(Note) –
	Subscription rights to shares as stock options	–	–	–	–	–	226
Total		–	–	–	–	–	226

Note: The lump-sum method is used for the convertible bond-type bonds with share acquisition rights.

3. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 29, 2022	Common stock	1,539	20.0	March 31, 2022	June 30, 2022
Board of Directors meeting held on November 4, 2022	Common stock	1,484	19.0	September 30, 2022	December 5, 2022

(2) Dividends for which record date is in the fiscal year but whose effective date is in the following fiscal year

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 29, 2023	Common stock	1,640	Retained earnings	21.0	March 31, 2023	June 30, 2023

(Consolidated statements of cash flows)

*1 Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheets as follows:

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Cash and deposits	45,594	36,815
Time deposits with maturity over three months	(4,866)	(3,658)
Cash and cash equivalents	40,728	33,157

(Lease transactions)

(Lessee)

1. Finance leases transactions

Finance lease transactions in which ownership is not transferred

(1) Details of leased assets

Property, plant and equipment

Principally production facilities (machinery, equipment and vehicles) and others in the Food segment.

(2) Depreciation method of leased assets

Depreciation method of leased assets is described in “5. Significant accounting policies

(2) Depreciation and amortization methods for major depreciable and amortizable assets” above.

2. Operating lease transactions

Future lease payments for non-cancelable operating lease transactions

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
Due within one year	208	200
Due after one year	955	1,038
Total	1,164	1,238

(Lessor)

1. Operating lease transactions

Future lease payments for non-cancelable operating lease transactions

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
Due within one year	600	624
Due after one year	3,797	3,246
Total	4,397	3,871

(Financial instruments)

1. Conditions of financial instruments

(1) Policy for financial instruments

The Group limits its fund management activities to short-term deposits and others, and procures funds through bank loans and issuances of corporate bonds. It conducts derivative transactions only for the purpose of hedging risks as described below within the scope of actual demand, and no speculative or high risk transactions are allowed in principle.

(2) Details and risks of financial instruments and risk management system

Notes and accounts receivable - trade and contract assets, which are operating receivables, are exposed to customer credit risk. The Group reduces the risk by performing credit research into primary trading partners and controlling maturity dates of receivables of each customer and preparing reports on the balance for each customer.

Investment securities are primarily shares in companies with which the Group has business relationships, of which listed shares are exposed to market price fluctuation risk. Consequently, the market values of the listed shares are monitored on a quarterly basis.

Most of notes and accounts payable - trade, which are operating debts, are due within one year.

Among loans payable, short-term loans are mainly operating funds, and long-term loans are mainly for procuring funds relating to capital investments. Though loans are exposed to interest rate fluctuation risk, the Group may enter into derivative transactions (interest rate swap transactions) as necessary to hedge that risk.

Bonds payable are issued for the purpose of procuring funds for repayment of loans and operating funds.

Convertible bond-type bonds with share acquisition rights are issued for the purpose of procuring funds for business investments and the acquisition of treasury shares.

Derivative transactions are comprised of forward exchange contracts with the purpose to hedge exchange rate fluctuation risk in respect of foreign currency denominated operating receivables and operating payables, as well as interest rate swaps transactions with the purpose to hedge fluctuation risk in interest rates on loans payable. Hedging instruments, hedged items, hedging policy, assessment of hedge effectiveness and others relating to hedge accounting are described in "5. Significant accounting policies (6) Significant hedge accounting method" above.

Derivative transactions are executed and controlled by internal rules for transaction authorization. In order to reduce credit risk, the counterparties to these derivative transactions are limited to major financial institutions with high credit ratings.

Operating payables and loans payable are exposed to liquidity risk. The Group manages the risk by each member company's preparing a monthly plan for raising funds and other methods.

(3) Supplementary explanation on the fair values of financial instruments

The notional amounts of derivatives in "2. Fair values of financial instruments," in themselves, do not reflect the market risk relating to the derivative transactions.

2. Fair values of financial instruments

Carrying amounts, fair values and their differences are shown in the following table. The amounts shown in the following tables do not include shares, etc. that do not have a market price (see Note 3 below).

FY2024 (As of March 31, 2024)

(Millions of yen)

	Carrying amount*	Fair value*	Difference
(1) Investment securities	78,464	78,464	–
(2) Bonds payable (including current portion of bonds payable)	(128)	(127)	0
(3) Convertible bond-type bonds with share acquisition rights	(25,020)	(27,937)	(2,917)
(4) Long-term loans payable (including current portion of long-term loans payable)	(20,638)	(20,361)	277
(5) Derivatives	47	47	–

* Liabilities are presented in parentheses.

FY2023 (As of March 31, 2023)

(Millions of yen)

	Carrying amount*	Fair value*	Difference
(1) Investment securities	67,249	67,249	–
(2) Bonds payable (including current portion of bonds payable)	(349)	(348)	0
(3) Convertible bond-type bonds with share acquisition rights	(25,038)	(25,362)	(324)
(4) Long-term loans payable (including current portion of long-term loans payable)	(24,230)	(23,996)	233
(5) Derivatives	(35)	(35)	–

* Liabilities are presented in parentheses.

Note 1: The description of “Cash and deposits,” “Notes and accounts receivable - trade and contract assets,” “Notes and accounts payable - trade,” and “Short-term loans payable (excluding current portion of long-term loans payable)” has been omitted because they are settled in a short time and their carrying amounts approximate their fair values.

Note 2: Amounts of receivables and payables accrued from derivative transactions are presented on a net basis, and items that are liabilities on a net basis when totaled are presented in parentheses.

Note 3: Shares, etc. that do not have a market price are not included in “(1) Investment securities.” Carrying amounts of those financial instruments are as follows:

(Millions of yen)

Category	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
Unlisted stocks and others	12,085	9,942

Note 4: Investments in partnerships and equivalent business structures for which the equity interest is recorded on a net basis on the consolidated balance sheets are not included in the above table. Carrying amounts of those investments are as follows:

(Millions of yen)

Category	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
Investments in investment partnerships	68	62

Note 5: Redemption schedule for monetary receivables and securities with maturities after the consolidated balance sheet date

FY2024 (As of March 31, 2024)

(Millions of yen)

	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Deposits	45,276	–	–	–
Notes and accounts receivable - trade and contract assets	60,556	–	–	–
Securities and investment securities				
Other securities with maturities				
(1) Bonds (Corporate bonds)	200	30	121	60
(2) Other	2,120	209	83	147
Total	108,153	239	205	207

FY2023 (As of March 31, 2023)

(Millions of yen)

	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Deposits	36,588	–	–	–
Notes and accounts receivable - trade and contract assets	54,119	–	–	–
Securities and investment securities				
Other securities with maturities				
(1) Bonds (Corporate bonds)	35	200	103	60
(2) Other	30	254	115	–
Total	90,774	454	218	60

Note 6: Repayment schedule for short-term loans payable, bonds payable, convertible bond-type bonds with share acquisition rights and long-term loans payable after the consolidated balance sheet date

FY2024 (As of March 31, 2024)

(Millions of yen)

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term loans payable	15,441	–	–	–	–	–
Bonds payable	128	–	–	–	–	–
Convertible bond-type bonds with share acquisition rights	–	25,000	–	–	–	–
Long-term loans payable	3,431	3,732	888	10,624	866	1,095
Total	19,001	28,732	888	10,624	866	1,095

FY2023 (As of March 31, 2023)

(Millions of yen)

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term loans payable	14,517	–	–	–	–	–
Bonds payable	221	128	–	–	–	–
Convertible bond-type bonds with share acquisition rights	–	–	25,000	–	–	–
Long-term loans payable	3,054	4,245	2,666	892	10,739	2,631
Total	17,793	4,373	27,666	892	10,739	2,631

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

FY2024 (As of March 31, 2024)

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	77,497	–	–	77,497
Bonds	–	169	–	169
Other	–	798	–	798
Total assets	77,497	967	–	78,464
Derivatives				
Currency-related transactions	–	47	–	47
Total liabilities	–	47	–	47

FY2023 (As of March 31, 2023)

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	66,313	–	–	66,313
Bonds	–	332	–	332
Other	–	603	–	603
Total assets	66,313	936	–	67,249
Derivatives				
Currency-related transactions	–	(35)	–	(35)
Total liabilities	–	(35)	–	(35)

(2) Financial instruments other than those measured at fair value
FY2024 (As of March 31, 2024)

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable (including current portion of bonds payable)	–	127	–	127
Convertible bond-type bonds with share acquisition rights	27,937	–	–	27,937
Long-term loans payable (including current portion of long-term loans payable)	–	20,361	–	20,361
Total liabilities	27,937	20,488	–	48,426

FY2023 (As of March 31, 2023)

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable (including current portion of bonds payable)	–	348	–	348
Convertible bond-type bonds with share acquisition rights	25,362	–	–	25,362
Long-term loans payable (including current portion of long-term loans payable)	–	23,996	–	23,996
Total liabilities	25,362	24,345	–	49,707

Note: A description of the valuation techniques and inputs used in the fair value measurements

Investment securities

As the fair value of stocks is calculated on the basis of prices on stock exchanges, their fair value is classified as Level 1.

As the fair value of investment securities other than stocks is calculated on the basis of prices obtained from financial institutions, their fair value is classified as Level 2.

Derivatives

As the fair value of derivatives is calculated on the basis of prices obtained from financial institutions, their fair value is classified as Level 2.

Bonds payable

As the fair value of bonds payable is calculated by discounting the total amount of principal and interest at a rate that reflects the remaining periods of the bonds and the credit risk, their fair value is classified as Level 2.

Convertible bond-type bonds with share acquisition rights

As the fair value of convertible bond-type bonds with share acquisition rights is valued at market prices, their fair value is classified as Level 1.

Long-term loans payable

The fair value of long-term loans payable is calculated by discounting the total amount of principal and interest using an interest rate that would apply if the full amount of the principal were newly borrowed at the year-end date. In addition, among long-term loans payable with variable interest rates, the fair value of those which qualify for special treatment for interest rate swaps is calculated by discounting the total amount of principal and interest with the interest rate swaps,

using an interest rate that would apply if it were newly borrowed at the year-end date. Therefore, their fair value is classified as Level 2.

(Securities)

1. Other securities

FY2024 (As of March 31, 2024)

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	(1) Stocks	77,003	10,548	66,454
	(2) Bonds	109	102	7
	(3) Other	665	532	133
	Subtotal	77,778	11,183	66,595
Securities whose carrying amount does not exceed their acquisition cost	(1) Stocks	494	504	(10)
	(2) Bonds	259	260	(0)
	(3) Other	2,253	2,266	(13)
	Subtotal	3,006	3,030	(24)
Total		80,785	14,214	66,571

Note: Shares, etc. that do not have a market price (carrying amount: ¥3,936 million) and investments in partnerships, etc. for which the equity interest is recorded on a net basis on the consolidated balance sheets (carrying amount: ¥68 million) are not included in "Other securities" in the above table.

FY2023 (As of March 31, 2023)

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	(1) Stocks	65,645	12,771	52,874
	(2) Bonds	103	74	28
	(3) Other	253	215	38
	Subtotal	66,003	13,060	52,942
Securities whose carrying amount does not exceed their acquisition cost	(1) Stocks	667	944	(277)
	(2) Bonds	262	272	(9)
	(3) Other	380	410	(29)
	Subtotal	1,310	1,627	(316)
Total		67,313	14,688	52,625

Note: Shares, etc. that do not have a market price (carrying amount: ¥4,165 million) and investments in partnerships, etc. for which the equity interest is recorded on a net basis on the consolidated balance sheets (carrying amount: ¥62 million) are not included in "Other securities" in the above table.

2. Other securities sold

FY2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
(1) Stocks	17,189	14,053	(22)
(2) Bonds	–	–	–
(3) Other	11	3	–
Total	17,200	14,057	(22)

FY2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
(1) Stocks	1,159	737	–
(2) Bonds	306	25	–
(3) Other	31	1	–
Total	1,497	764	–

3. Securities subject to impairment

In the previous fiscal year, the Company recognized ¥82 million as impairment loss for securities. In the current fiscal year, the Company recognized ¥324 million as impairment loss for securities. When the fair value of securities as of the end of the fiscal year declines by greater than or equal to 50% compared to their cost, the Company recognizes impairment losses, and when such decline is between 30% and 50%, the Company recognizes impairment losses for the amount deemed necessary taking into consideration the possibility of a recovery in value. For shares, etc. that do not have a market price, the Company recognizes impairment losses of securities for which actual value at the consolidated balance sheet date declines by greater than or equal to 50% compared to the cost, in principle, except in cases where there is a possibility of recovery in value.

(Changes in presentation)

“Government bonds and local government bonds,” “Corporate bonds” and “Other,” which were presented separately under “(2) Bonds” in the previous fiscal year, were included in “(2) Bonds” in the current fiscal year due to a decrease in quantitative materiality. To reflect this change in presentation method, the notes for the previous fiscal year have been reclassified.

(Derivatives)

1. Derivatives for which hedge accounting is not applied

Not applicable

2. Derivatives for which hedge accounting is applied

(1) Currency-related transactions

FY2024 (As of March 31, 2024)

Hedge accounting	Type of transaction	Major hedged items	Contract amount, etc. (Millions of yen)	Contract amount, etc. over one year (Millions of yen)	Fair value (Millions of yen)
Deferred hedge accounting	Forward exchange contracts				
	Buy				
	USD	Accounts payable - trade	2,053	–	51
	EUR		123	–	(1)
	Sell				
	USD	Accounts receivable - trade	235	–	(2)
Total			2,413	–	47

Note: Calculation methods of fair value This information is described in notes on “Financial instruments” in the consolidated financial statements.

FY2023 (As of March 31, 2023)

Hedge accounting	Type of transaction	Major hedged items	Contract amount, etc. (Millions of yen)	Contract amount, etc. over one year (Millions of yen)	Fair value (Millions of yen)
Deferred hedge accounting	Forward exchange contracts				
	Buy				
	USD	Accounts payable - trade	1,696	–	(37)
	EUR		92	–	2
	Sell				
	USD	Accounts receivable - trade	141	–	(0)
Total			1,930	–	(35)

Note: Calculation methods of fair value This information is described in notes on “Financial instruments” in the consolidated financial statements.

(2) Interest rate-related transactions

Not applicable

(Retirement benefits)

1. Overview of retirement benefit plan adopted by the Company

The Company and certain domestic consolidated subsidiaries have a defined benefit pension plan which includes a defined benefit corporate pension plan and a defined contribution plan, and the Company has established a retirement benefit trust. Certain other domestic consolidated subsidiaries have a retirement lump-sum plan as a defined benefit plan.

In the retirement lump-sum plan partially adopted by the domestic consolidated subsidiaries, liabilities for retirement benefits and retirement benefit cost are calculated using the simplified method.

Certain domestic consolidated subsidiaries are members of multi-employer corporate pension plans.

For such multi-employer plans whereby the amount of plan assets corresponding to the member companies' contributions cannot be calculated reasonably, the same accounting treatment as that for the defined contribution plan is applied.

2. Defined benefit plan

(1) Reconciliation of beginning and ending balances of retirement benefit obligations (excluding plans to which the simplified method is applied)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Balance of retirement benefit obligations at beginning of period	17,125	17,069
Service cost	895	896
Interest cost	120	120
Actuarial gain or loss	(39)	(22)
Retirement benefit paid	(955)	(938)
Other	0	0
Balance of retirement benefit obligations at end of period	17,147	17,125

(2) Reconciliation of beginning and ending balances of plan assets (excluding plans to which simplified method is applied)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Balance of plan assets at beginning of period	17,583	17,193
Expected return	336	339
Actuarial gain or loss	3,099	134
Employer's contribution	698	712
Retirement benefit payments	(718)	(796)
Balance of plan assets at end of period	20,999	17,583

(3) Reconciliation of beginning and ending balances of net defined benefit liability and net defined benefit asset relating to retirement benefit plans to which the simplified method is applied

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Net defined benefit liability and net defined benefit asset at beginning of period	1,968	1,918
Retirement benefit expenses	287	322
Retirement benefit paid	(131)	(178)
Contributions to plans	(58)	(61)
Other	3	(32)
Net defined benefit liability and net defined benefit asset at end of period	2,070	1,968

(4) Reconciliation of ending balances of retirement benefit obligations and plan assets and retirement benefit liabilities and assets in the consolidated balance sheets

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Retirement benefit obligation for funded plans	17,886	17,697
Plan assets	(21,724)	(18,159)
	(3,837)	(461)
Retirement benefit obligation for non-funded plans	2,055	1,972
Net liabilities and assets recorded on the consolidated balance sheets	(1,782)	1,510
Net defined benefit liability	3,808	3,881
Net defined benefit asset	(5,590)	(2,370)
Net liabilities and assets recorded on the consolidated balance sheets	(1,782)	1,510

Note: Figures include those for plans to which the simplified method is applied.

(5) Retirement benefit expenses and the breakdown

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Service cost	895	896
Interest cost	120	120
Expected return	(336)	(339)
Amortization of actuarial gain or loss	(39)	(157)
Retirement benefit expenses based on simplified method	287	322
Retirement benefit expenses relating to defined benefit plan	928	841

(6) Retirement benefits liability adjustments

Components of retirement benefits liability adjustments (before tax effect) are as follows:

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Actuarial gain or loss	3,100	(1)

(7) Accumulated retirement benefits liability adjustments

Components of accumulated retirement benefits liability adjustments (before tax effect) are as follows:

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
Unrecognized actuarial gains and losses	(3,830)	(730)

(8) Matters relating to plan assets

(i) Major breakdown of plan assets

The ratio of major classes in the plan assets are as follows:

	FY2024 (As of March 31, 2024) (%)	FY2023 (As of March 31, 2023) (%)
Bonds	34	36
Stocks	47	42
General account	0	1
Other	19	21
Total	100	100

Note: The total plan assets include a retirement benefit trust established for the corporate pension plan, accounting for 25% of the total plan assets as of the end of the current fiscal year (22% as of the end of the previous fiscal year).

(ii) Method for determining long-term expected rate of return on plan assets

To determine a long-term expected rate of return on plan assets, the Company considers the allocations of current and expected plan assets and the current and expected long-term rates of return from various assets that constitute the plan assets.

(9) Matters relating to calculation basis for actuarial assumptions

Calculation basis for major actuarial assumptions

	FY2024 (As of March 31, 2024) (%)	FY2023 (As of March 31, 2023) (%)
Discount rate	Mainly 0.8	Mainly 0.8
Long-term expected rate of return on plan assets	0.0 - 2.5	0.0 - 2.5
Expected rate of salary increase	0.0 - 3.6	0.0 - 3.7

3. Defined contribution plan

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Required contributions to defined contribution plan for consolidated subsidiaries	32	31

4. Multi-employer plans

Not applicable

(Stock options)

1. Corresponding account and amount of stock options charged as expenses

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Selling, general and administrative expenses	16	65

2. Details, size and changes in stock options

(1) Details of stock options

	2022 Stock Options	2021 Stock Options
Category and number of grantees	Directors of the Company; 9	Directors of the Company; 9
Number of stock options by type of shares (Note)	44,050 shares of common stock	48,900 shares of common stock
Grant date	July 27, 2022	July 28, 2021
Vesting conditions	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.
Vesting period	From July 1, 2022 to June 30, 2023	From July 1, 2021 to June 30, 2022
Exercise period	From July 28, 2022 to July 27, 2052	From July 29, 2021 to July 28, 2051

	2020 Stock Options	2019 Stock Options
Category and number of grantees	Directors of the Company; 9	Directors of the Company; 12
Number of stock options by type of shares (Note)	48,500 shares of common stock	45,700 shares of common stock
Grant date	July 28, 2020	July 29, 2019
Vesting conditions	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.
Vesting period	From July 1, 2020 to June 30, 2021	From July 1, 2019 to June 30, 2020
Exercise period	From July 29, 2020 to July 28, 2050	From July 30, 2019 to July 29, 2049

	2018 Stock Options	2017 Stock Options
Category and number of grantees	Directors of the Company; 13	Directors of the Company; 13
Number of stock options by type of shares (Note)	46,900 shares of common stock	47,950 shares of common stock
Grant date	July 25, 2018	July 26, 2017
Vesting conditions	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.
Vesting period	From July 1, 2018 to June 30, 2019	From July 1, 2017 to June 30, 2018
Exercise period	From July 26, 2018 to July 25, 2048	From July 27, 2017 to July 26, 2047

	2016 Stock Options	2015 Stock Options
Category and number of grantees	Directors of the Company; 12	Directors of the Company; 11
Number of stock options by type of shares (Note)	51,700 shares of common stock	51,100 shares of common stock
Grant date	July 27, 2016	July 23, 2015
Vesting conditions	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.
Vesting period	From July 1, 2016 to June 30, 2017	From July 1, 2015 to June 30, 2016
Exercise period	From July 28, 2016 to July 27, 2046	From July 24, 2015 to July 23, 2045

Note: The number of stock options represents the number of shares. As the Company conducted a 1-for-2 share consolidation on October 1, 2016, the number of shares reflects the amount after the share consolidation.

(2) Size and changes in stock options

The following describes the number of stock options that existed during FY2024 (fiscal year ended March 31, 2024). The number of stock options represents the number of shares.

(i) Number of stock options

	2022 Stock Options	2021 Stock Options	2020 Stock Options	2019 Stock Options	2018 Stock Options	2017 Stock Options	2016 Stock Options
Before vesting (Shares)							
As of March 31, 2023	44,050	35,550	31,550	14,950	8,350	8,700	5,400
Granted	–	–	–	–	–	–	–
Forfeited	–	–	–	–	–	–	–
Vested	3,700	3,750	3,750	2,450	–	–	–
Unvested	40,350	31,800	27,800	12,500	8,350	8,700	5,400
After vesting (Shares)							
As of March 31, 2023	–	–	–	–	–	–	–
Vested	3,700	3,750	3,750	2,450	–	–	–
Exercised	3,700	3,750	3,750	2,450	–	–	–
Forfeited	–	–	–	–	–	–	–
Exercisable	–	–	–	–	–	–	–

	2015 Stock Options
Before vesting (Shares)	
As of March 31, 2023	5,800
Granted	–
Forfeited	–
Vested	–
Unvested	5,800
After vesting (Shares)	
As of March 31, 2023	–
Vested	–
Exercised	–
Forfeited	–
Exercisable	–

Note: As the Company conducted a 1-for-2 share consolidation on October 1, 2016, the number of shares reflects the amount after the share consolidation.

(ii) Unit price information

	2022 Stock Options	2021 Stock Options	2020 Stock Options	2019 Stock Options	2018 Stock Options	2017 Stock Options	2016 Stock Options
Exercise price (Yen)	1	1	1	1	1	1	1
Average price per share upon exercise (Yen)	1,793	1,793	1,793	1,793	–	–	–
Fair value per share at grant date (Yen)	1,514	1,516	1,612	1,658	1,798	1,667	1,512

	2015 Stock Options
Exercise price (Yen)	1
Average price per share upon exercise (Yen)	–
Fair value per share at grant date (Yen)	1,590

Note: As the Company conducted a 1-for-2 share consolidation on October 1, 2016, per share price reflects the amount after the share consolidation.

3. Method for estimating the fair value of stock options

No stock option was granted in the current fiscal year.

4. Method for estimating the number of stock options vested

Because it is difficult to reasonably estimate the number of stock options that will expire in the future, the number here reflects only stock options that have actually been forfeited.

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
Deferred tax assets		
Tax loss carried forward (Note)	1,824	2,425
Non-deductible accrued enterprise tax	523	228
Accrued bonuses	680	625
Net defined benefit liability	2,096	2,138
Loss on valuation of securities	116	46
Unrealized gain on sales of fixed assets	968	968
Loss on valuation of non-current assets	319	392
Other	2,308	2,683
Subtotal deferred tax assets	8,837	9,507
Valuation allowance for tax loss carried forward (Note)	(1,649)	(2,180)
Valuation allowance for total future deductible temporary differences, etc.	(1,290)	(1,331)
Subtotal valuation allowance	(2,939)	(3,512)
Total deferred tax assets	5,898	5,994
Amount offset by deferred tax liabilities	4,052	3,918
Net deferred tax assets	1,846	2,075
Deferred tax liabilities		
Reserve for reduction entry	2,804	2,890
Unrealized holding gain (loss) on securities	20,376	16,077
Gain on contribution of securities to retirement benefit trust	408	408
Other	2,930	2,215
Total deferred tax liabilities	26,520	21,592
Amount offset by deferred tax assets	4,052	3,918
Net deferred tax liabilities	22,468	17,673

Note: Tax loss carried forward and amount of said deferred tax assets by deferred deadline
FY2024 (As of March 31, 2024)

(Millions of yen)

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Tax loss carried forward*	25	51	106	92	93	1,455	1,824
Valuation allowance	(25)	(51)	(93)	(92)	(89)	(1,297)	(1,649)
Deferred tax assets	-	-	13	-	3	157	175

* Tax loss carried forward is the amount derived from multiplying by the effective statutory tax rate.

FY2023 (As of March 31, 2023)

(Millions of yen)

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Tax loss carried forward*	180	45	93	150	87	1,867	2,425
Valuation allowance	(180)	(45)	(84)	(145)	(87)	(1,637)	(2,180)
Deferred tax assets	–	–	9	4	–	229	244

* Tax loss carried forward is the amount derived from multiplying by the effective statutory tax rate.

2. Significant components in the reconciliation of difference between the effective statutory tax rate and effective tax rate reflected in the consolidated financial statements

	FY2024 (As of March 31, 2024)	FY2023 (As of March 31, 2023)
	(%)	(%)
Effective statutory tax rate	30.6	Presentation is omitted as the difference between the effective statutory tax rate and the actual effective tax rate after tax effect accounting does not exceed 5% of the effective statutory tax rate.
(Adjustments)		
Entertainment expenses and other non-deductible permanent differences	0.5	
Non-taxable permanent differences such as dividend income	(0.3)	
Per capita inhabitant taxes	0.2	
Special deductions from income tax	(1.0)	
Differences of tax rates at foreign subsidiaries	(0.3)	
Changes in valuation allowance	(4.2)	
Other	0.9	
<u>Actual effective tax rate after tax effect accounting</u>	<u>26.3</u>	

(Asset retirement obligations)

The Group recognizes liabilities relating to the restoration of real estate to its original state upon withdrawal from real estate based on real estate lease contracts for factories and others as asset retirement obligations. However, the description of this information has been omitted as the total amount of the obligations is immaterial.

(Rental property and other real estate)

The Company and certain domestic consolidated subsidiaries own office buildings and other properties for rent (including land) in Tokyo and other areas. Income from those rental properties, and gain on sales and loss on sales of them are as follows:

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Income from the rental properties (Note 1)	656	657
Gain on sales (Note 2)	36	10
Loss on sales (Note 2)	26	—

- Notes: 1. Primary rental revenue is booked as net sales and primary rental expenses as cost of sales.
2. Booked as other non-operating income (expenses), net.

The carrying amount of the rental properties and its changes and fair value are as follows:

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Carrying amount on the consolidated balance sheets (Note 1)		
Balance at beginning of fiscal year	8,261	8,263
Changes during fiscal year (Note 2)	(46)	(1)
Balance at end of fiscal year	8,214	8,261
Fair value at end of fiscal year (Note 3)	31,558	31,617

- Notes: 1. Carrying amount on the consolidated balance sheets is acquisition cost, less accumulated depreciation and accumulated impairment losses.
2. The changes in the carrying amount during the previous fiscal year mainly consist of a decrease of ¥220 million due to depreciation and an increase for other reasons of ¥224 million. The changes in the carrying amount during the current fiscal year mainly consist of an increase of ¥483 million due to a change in use of properties, a decrease of ¥299 million due to sales of rental properties, and a decrease of ¥230 million due to depreciation.
3. The fair value of key properties at the end of the fiscal year is determined based on appraisal reports obtained from independent real estate appraisers and other information. For other less important properties, the fair value is determined based on certain appraisal values or relevant indexes that are deemed to properly reflect the market prices.

(Revenue recognition)

1. Disaggregation of revenue from contracts with customers

This information is described in notes on “Segment information, etc.”

2. Useful information in understanding revenue from contracts with customers

The Company recognizes revenue from contracts with customers based on the following five steps.

Step 1: Identify the contract(s) 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 each performance obligation.

Step 5: Recognize revenue when (as) a performance obligation is satisfied.

The Group’s core businesses are Flour Milling business and Food business. The Group sells to customers finished goods and merchandise (such as wheat flour and premixes) manufactured by the Group. For these finished goods and merchandise, sales prices are measured at the amount based on the consideration promised in contracts with customers less sales incentives, etc. An amount expected to be refunded to customers, such as sales incentives, is calculated using the probability-weighted amount estimated for each of finished goods and merchandise. As a result, the Group recognizes refund liabilities.

In both of Flour Milling and Food businesses, sales contracts identify the delivery of the Group’s finished goods and merchandise to customers as the performance obligations. These performance obligations are satisfied when the Company’s finished goods and merchandise are delivered to customers and control of these finished goods and merchandise is transferred to customers. Therefore, revenue from sale of these finished goods and merchandise is recognized when they are delivered to customers.

For transactions of providing finished goods and merchandise to customers, in which the Company acts as an agent, revenue is recognized at the net amount of the amount received from customers less the amount to be paid to the supplier of finished goods and merchandise.

3. Balance of contract assets and contract liabilities and the transaction price allocated to the remaining performance obligations

(1) Balance of contract assets and contract liabilities

FY2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

Receivables from contracts with customers (beginning balance)	54,119
Receivables from contracts with customers (ending balance)	60,556
Contract assets (beginning balance)	—
Contract assets (ending balance)	318
Contract liabilities (beginning balance)	396
Contract liabilities (ending balance)	301

Revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the current fiscal year was ¥307 million.

FY2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

Receivables from contracts with customers (beginning balance)	50,466
Receivables from contracts with customers (ending balance)	54,119
Contract assets (beginning balance)	—
Contract assets (ending balance)	—
Contract liabilities (beginning balance)	299
Contract liabilities (ending balance)	396

Revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the current fiscal year was ¥142 million.

(2) Transaction price allocated to the remaining performance obligations

The Group has applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations, and does not disclose contracts with an original expected duration of one year or less. The total transaction price allocated to the remaining performance obligations and the time frame the Group expects to recognize the amount as revenue are as follows.
FY2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

Within one year	7
Over one year within two years	3
Over two years within three years	5
Over three years	15
Total	32

FY2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

Within one year	10
Over one year within two years	8
Over two years within three years	8
Over three years	81
Total	108

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Group's reportable segments are group components which are regularly reviewed by the Board of Directors using the discrete financial information available to determine the allocation of management resources and evaluate business results.

The Group consists of three main business units classified by product types—Flour Milling, Food and Other. Each business unit formulates business strategies and promotes business activities.

The Group has classified its operations into two reportable segments: Flour Milling and Food.

The Flour Milling segment covers wheat flour, wheat bran, and buckwheat flour, while the Food segment covers wheat flour for home use, premixes, pasta, frozen foods, delicatessen foods, and rice flour.

2. Calculation methods of sales, income (loss), assets, liabilities and other items by reportable segment

The accounting methods used for reportable segments are the same as those described under “Basis of preparation of the consolidated financial statements.”

Profit figures of reportable segments are based on operating income. Inter-segment sales and transfers are based on prevailing market prices.

3. Information on sales, income (loss), assets, liabilities and other items, and information on disaggregation of revenue, by reportable segment

FY2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segments			Other	Total	Adjustments	Amounts recorded on consolidated financial statements
	Flour Milling	Food	Total				
Net sales							
Revenue from contracts with customers	125,316	226,615	351,931	47,574	399,506	–	399,506
Revenue from other sources	–	46	46	961	1,008	–	1,008
Net sales to external customers	125,316	226,661	351,977	48,536	400,514	–	400,514
Internal sales or transfers between segments	3,099	1,233	4,332	4,462	8,795	(8,795)	–
Total	128,415	227,894	356,310	52,999	409,310	(8,795)	400,514
Segment income	9,186	8,354	17,541	2,799	20,340	0	20,340
Segment assets	123,403	143,311	266,715	27,113	293,828	92,863	386,692
Other items							
Depreciation	2,881	5,655	8,536	1,294	9,831	483	10,314
Increase in property, plant and equipment and intangible assets	7,014	7,304	14,319	1,385	15,704	6,448	22,153

- Notes:
1. The “Other” column indicates businesses not included in the reportable segments, including pet food, health food, engineering, restaurant and real estate leasing.
 2. Segment income adjustment of ¥0 million includes elimination of inter-segment transactions and corporate expenses.
 3. Corporate assets included in adjustments of segment assets amounted to ¥90,234 million and mainly comprise the Company's surplus funds (cash and deposits, and securities) and property, plant and equipment concerning administrative departments.
 4. Adjustments amounting to ¥6,448 million for the increase in property, plant and equipment and intangible assets mainly relate to capital investment by the administrative departments and elimination of inter-segment transactions.

5. Segment income is adjusted to reconcile total segment income to operating income on the consolidated financial statements.
6. Depreciation expenses and an increase in property, plant and equipment and intangible assets include an increase in long-term prepaid expenses and amortization thereof.
7. Different criteria are applied for allocation of non-current assets to each segment and for allocation of relevant depreciation expenses to each segment, respectively.

FY2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments			Other	Total	Adjustments	Amounts recorded on consolidated financial statements
	Flour Milling	Food	Total				
Net sales							
Revenue from contracts with customers	117,604	204,750	322,355	42,166	364,521	–	364,521
Revenue from other sources	–	46	46	957	1,003	–	1,003
Net sales to external customers	117,604	204,796	322,401	43,123	365,525	–	365,525
Internal sales or transfers between segments	2,607	674	3,281	2,201	5,483	(5,483)	–
Total	120,212	205,471	325,683	45,325	371,009	(5,483)	365,525
Segment income	7,528	3,449	10,978	1,263	12,242	45	12,288
Segment assets	117,802	132,403	250,206	24,488	274,694	69,911	344,606
Other items							
Depreciation	2,792	5,553	8,346	1,190	9,536	430	9,966
Increase in property, plant and equipment and intangible assets	2,837	4,109	6,947	1,483	8,431	(75)	8,355

- Notes:
1. The “Other” column indicates businesses not included in the reportable segments, including pet food, health food, engineering, restaurant and real estate leasing.
 2. Segment income adjustment of ¥45 million includes elimination of inter-segment transactions and corporate expenses.
 3. Corporate assets included in adjustments of segment assets amounted to ¥70,028 million and mainly comprise the Company’s surplus funds (cash and deposits, and securities) and property, plant and equipment concerning administrative departments.
 4. Adjustments amounting to ¥(75) million for the increase in property, plant and equipment and intangible assets mainly relate to capital investment by the administrative departments and elimination of inter-segment transactions.
 5. Segment income is adjusted to reconcile total segment income to operating income on the consolidated financial statements.
 6. Depreciation expenses and an increase in property, plant and equipment and intangible assets include an increase in long-term prepaid expenses and amortization thereof.
 7. Different criteria are applied for allocation of non-current assets to each segment and for allocation of relevant depreciation expenses to each segment, respectively.

[Related information]

FY2024 (From April 1, 2023 to March 31, 2024)

1. Information by product and service

This information has been omitted as the same information is disclosed in Segment information.

2. Information by geographical area

(1) Net sales

This information has been omitted as net sales to external customers in Japan account for more than 90% of net sales recorded on the consolidated statement of income.

(2) Property, plant and equipment

This information has been omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

Name of customer	Net sales (Millions of yen)	Name of related segment
ITOCHU Corporation	58,351	Flour Milling and Food
FamilyMart Co., Ltd.	48,823	Food

FY2023 (From April 1, 2022 to March 31, 2023)

1. Information by product and service

This information has been omitted as the same information is disclosed in Segment information.

2. Information by geographical area

(1) Net sales

This information has been omitted as net sales to external customers in Japan account for more than 90% of net sales recorded on the consolidated statement of income.

(2) Property, plant and equipment

This information has been omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

Name of customer	Net sales (Millions of yen)	Name of related segment
ITOCHU Corporation	54,481	Flour Milling and Food
FamilyMart Co., Ltd.	47,893	Food

[Information on impairment loss on non-current assets by reportable segment]
FY2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Flour Milling	Food	Other	Adjustments and elimination	Total
Impairment loss (Note)	–	–	25	–	25

Note: “Loss on plant closures” in the consolidated statements of income includes impairment loss of ¥63 million incurred in “Flour Milling.”

FY2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Flour Milling	Food	Other	Adjustments and elimination	Total
Impairment loss	–	514	–	–	514

[Information on amortization and balance of goodwill by reportable segment]

FY2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Flour Milling	Food	Other (Note)	Adjustments and elimination	Total
Amortization during current period	–	126	62	–	188
Balance at end of current period	–	863	134	–	998

Note: The amounts in “Other” are those relating to the restaurant business and others.

FY2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Flour Milling	Food	Other (Note)	Adjustments and elimination	Total
Amortization during current period	–	162	61	–	224
Balance at end of current period	–	990	189	–	1,179

Note: The amounts in “Other” are those relating to the restaurant business and others.

[Information on gain on bargain purchase by reportable segment]

Not applicable

[Related parties]

Not applicable

(Per share information)

(Yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Net assets per share	2,874.28	2,421.48
Basic profit per share	338.20	132.16
Fully diluted profit per share	295.46	115.39

Notes: 1. Basis for the calculation of basic profit per share and fully diluted profit per share is as follows:

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2023 (From April 1, 2022 to March 31, 2023)
Basic profit per share		
Profit attributable to owners of parent (Millions of yen)	26,367	10,260
Amount not attributable to common shareholders (Millions of yen)	—	—
Amount pertaining to common stock (Millions of yen)	26,367	10,260
Average number of shares of common stock in the fiscal year (Thousands of shares)	77,964	77,633
Fully diluted profit per share		
Adjustments on profit attributable to owners of parent (Millions of yen)	(12)	(12)
<of which interest income (after deducting the amount equivalent to tax) (Millions of yen)>	[(12)]	[(12)]
Increase in common stock (Thousands of shares)	11,237	11,172
Summary of residual securities not included in calculation of fully diluted profit per share due to non dilutive effect	—	—

2. The Company has introduced the Board Benefit Trust (BBT) from the current fiscal year. The Company's shares held by Custody Bank of Japan, Ltd. (Trust E Account) as the trust property of the Board Benefit Trust (BBT) are included in treasury shares to be deducted from the total number of issued shares at the fiscal year-end for the purpose of calculating net assets per share, and are also included in treasury shares to be deducted in the calculation of the average number of shares in the fiscal year for the purpose of calculating basic profit per share and fully diluted profit per share.

The number of the Company's shares held by the said trust at the fiscal year-end is 240,000 shares at the end of the current fiscal year and the average number of shares in the fiscal year is 160,000 shares during the current fiscal year.

(Significant subsequent events)

(Establishment of a subsidiary)

At the meeting of the Board of Directors held on July 23, 2024, the Company resolved to establish a subsidiary in Socialist Republic of Viet Nam, (hereinafter, “Vietnam”), and subsequently established the subsidiary on July 26, 2024 as described below.

1. Purpose of the establishment

The Group has been steadily expanding its business in the ASEAN region.

By establishing the subsidiary and a new plant in Vietnam, the Company will strengthen its supply system within the ASEAN region to ensure a more stable supply, and will also strengthen its business in Vietnam.

2. Overview of the new company

1	Name	NIPPN Vietnam Company Limited
2	Location	Long Thanh Industrial Park, Dong Nai Province, Socialist Republic of Viet Nam (Approx. 45km from Ho Chi Minh City)
3	Business	Manufacturing and sales of premix products (Including import/export operations)
4	Capital amount	VND 322.79 billion (approx. ¥JPY 2 billion)
5	Established on	July 26, 2024
6	Equity interest	100% by the Company

(v) Consolidated supplemental schedules
(Schedule of bonds payable)

Company name	Security titles	Issue date	Balance at beginning of current period (Millions of yen)	Balance at end of current period (Millions of yen)	Interest rate (%)	Collateral	Maturity
NIPPN CORPORATION	Euro-yen denominated convertible bond-type bonds with share acquisition rights due 2025 (Note 1)	June 22, 2018	25,038	25,020	—	None	June 20, 2025
G&L mart Co., Ltd.	18th Series of Bank-guaranteed Private Placement Bonds (Note 2)	September 10, 2018	10 [10]	—	—	—	—
Same as above	19th Series of Unsecured Straight Bonds (Note 2)	September 28, 2018	5 [5]	—	—	—	—
Same as above	20th Series of Credit Guarantee Association-guaranteed Private Placement Bonds (Note 2)	February 25, 2019	150 [150]	—	—	—	—
Same as above	21st Series of Bank-guaranteed Private Placement Bonds (Note 2)	September 25, 2019	84 [56]	28 [28]	0.300	None	September 25, 2024
Same as above	22nd Series of Unsecured Straight Bonds (Note 2)	September 25, 2019	100	100 [100]	0.100	None	September 25, 2024
Total	—	—	25,387 [221]	25,148 [128]	—	—	—

Notes: 1. Information regarding bonds with share acquisition rights are as follows:

Security titles	Euro-yen denominated convertible bond-type bonds with share acquisition rights due 2025
Shares to be issued	Common stock
Issue price of stock acquisition rights (Yen)	Free of charge
Issue price of shares (Yen)	2,253.6
Aggregate amount of issue price (Millions of yen)	25,000
Aggregate amount of issue price of shares issued through the exercise of stock acquisition rights (Millions of yen)	—
Ratio of stock acquisition rights granted (%)	100
Exercise period of stock acquisition rights	July 6, 2018 to June 6, 2025

Note: When exercising each stock acquisition right, the bond regarding the stock acquisition right shall be funded.
The price of the bond shall be equal to the face value of the bond.

2. Figures in square brackets represent the amounts planned for redemption within one year.
3. Repayment schedule for five years after the consolidated balance sheet date is as follows:

(Millions of yen)

Due within one year	Due after one year within two years	Due after two years within three years	Due after three years within four years	Due after four years within five years
128	25,000	—	—	—

(Schedule of borrowings)

Category	Balance at beginning of current period (Millions of yen)	Balance at end of current period (Millions of yen)	Average interest rate (%)	Repayment date
Short-term loans payable	14,517	15,441	0.40	–
Current portion of long-term loans payable	3,054	3,431	0.36	–
Current portion of lease obligations	281	332	–	–
Long-term loans payable (excluding current portion)	21,175	17,207	0.26	2025 – 2034
Lease obligations (excluding current portion)	903	1,388	–	2025 – 2034
Other interest-bearing debt	–	–	–	–
Total	39,933	37,801	–	–

Notes: 1. Repayment schedule for long-term loans payable and lease obligations (excluding current portion) for five years after the consolidated balance sheet date is as follows:

	(Millions of yen)			
	Due after one year within two years	Due after two years within three years	Due after three years within four years	Due after four years within five years
Long-term loans payable	3,732	888	10,624	866
Lease obligations	310	287	213	149

- Average interest rates are computed using interest rates at the end of the fiscal year.
- Average interest rates on lease obligations are not provided because the lease obligations stated in the consolidated balance sheet represent the amounts with interest equivalents not deducted from the total lease payments.

(Schedule of asset retirement obligations)

The amount of asset retirement obligations at the beginning and at the end of the current fiscal year was not more than 1/100 of the amount of total liabilities and net assets at the beginning and at the end of the current fiscal year. Consequently, pursuant to Article 92-2 of the Regulations for Consolidated Financial Statements, this information has been omitted.

(2) (Other matters)

Quarterly results for the current fiscal year

From April 1, 2023 to	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Net sales (Millions of yen)	98,631	198,973	304,974	400,514
Profit before income taxes (Millions of yen)	6,406	12,193	20,660	36,163
Profit attributable to owners of parent (Millions of yen)	4,479	8,489	14,307	26,367
Basic profit per share (Yen)	57.47	108.90	183.52	338.20

Three months ended	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Basic profit per share (Yen)	57.47	51.33	74.61	154.68

Note: The Company has introduced the Board Benefit Trust (BBT) from the current fiscal year. The Company's shares held by Custody Bank of Japan, Ltd. (Trust E Account) as the trust property of the Board Benefit Trust (BBT) are included in treasury shares to be deducted in the calculation of the average number of shares during the period for the purpose of calculating basic profit per share for respective cumulative periods and quarterly periods.