

Consolidated Financial Results (Japanese Accounting Standards) for the FY 2020 (Ended March 31, 2021) (English Translation)

Company name: KAMEDA SEIKA CO., LTD.
 Stock exchange: Tokyo Stock Exchange
 Stock code: 2220
 URL: www.kamedaseika.co.jp
 Representative: Isamu Sato, President and COO
 Contact: Akira Kobayashi, General Manager Administrative Div. Director & CFO
 Tel. +81-25-382-2111

Scheduled date of ordinary shareholder's meeting: June 16, 2021
 Scheduled date of commencement of dividend payment: June 17, 2021
 Scheduled date for filing of securities report: June 16, 2021
 Supplementary documents for financial results: Yes
 Financial results briefing: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the fiscal Year Ended March 31, 2021 (April 1, 2020 - March 31, 2021)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Year ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
March 31, 2021	103,305	-0.5	5,620	-3.3	6,889	-0.3	4,757	6.6
March 31, 2020	103,808	3.8	5,813	8.9	6,909	5.1	4,463	1.4

(Note) Comprehensive income: ¥ 6,314 million (116.2%) for the fiscal year ended March 31, 2021
 ¥ 2,920 million (-33.4%) for the fiscal year ended March 31, 2020

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Year ended	¥	¥	%	%	%
March 31, 2021	225.62	—	8.6	7.7	5.4
March 31, 2020	211.71	—	8.6	8.2	5.6

(Reference) Equity in earnings of affiliates: ¥ 926 million for the fiscal year ended March 31, 2021
 ¥ 1,194 million for the fiscal year ended March 31, 2020

(2) Consolidated Results of Operations

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2021	92,888	59,895	62.7	2,761.24
As of March 31, 2020	85,825	53,902	61.6	2,508.48

(Reference) Shareholder's equity: As of March 31, 2021: ¥ 58,217 million
 As of March 31, 2020: ¥ 52,889 million

(3) Consolidated Cash Flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of fiscal year
Year ended	¥ million	¥ million	¥ million	¥ million
March 31, 2021	8,671	-6,337	-257	6,505
March 31, 2020	8,048	-7,631	-161	4,581

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	¥	¥	¥	¥	¥	¥ million	%	%
Year ended March 31, 2020	—	15.00	—	37.00	52.00	1,096	24.6	2.1
Year ended March 31, 2021	—	15.00	—	38.00	53.00	1,117	23.5	2.0
Year ending March 31, 2022 (forecasts)	—	15.00	—	39.00	54.00		24.2	

3. Forecasts of Consolidated Financial Results for the Fiscal year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Six months ending September 30, 2021	40,000	—	1,200	-28.0	1,400	-34.9	900	-42.2	42.69
Year ending March 31, 2022	84,700	—	6,000	6.8	6,900	0.2	4,700	-1.2	222.92

(Note) Because the Company will apply the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. from the beginning of the fiscal year ending March 31, 2022, the above consolidated forecasts represent amounts obtained after the application of this accounting standard, etc., and the percentage changes in net sales from the previous fiscal year and from the same six month period of the previous year are not stated.

* Notes

- (1) Changes of important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes

2 new companies (Company name) 1. Singha Kameda (Thailand) Co., Ltd.
2. Singha Kameda Trading (Thailand) Co., Ltd.

(Note) For details, please refer to p.15 of the Appendix, “3. Quarterly Consolidated Financial Statements (5) Notes to the Quarterly Consolidated Financial Statements (Changes in Important Subsidiaries during the Period)”

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

(i) Changes in accounting policies caused by revision of accounting standards :None
(ii) Changes in accounting policies other than (i) :None
(iii) Changes in accounting estimates :None
(iv) Restatement :None

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

(i) Number of shares outstanding at end of period (including treasury stock)
As of March 31, 2021: 22,318,650 shares
As of March 31, 2020: 22,318,650 shares
(ii) Number of treasury stock at end of period
As of March 31, 2021: 1,234,695 shares
As of March 31, 2020: 1,234,462 shares
(iii) Average number of shares outstanding during the term
Year ended March 31, 2021: 21,084,005 shares
Year ended March 31, 2020: 21,084,225 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the fiscal Year Ended March 31, 2021(April 1, 2020 – March 31, 2021)

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

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Year ended March 31, 2021	78,108	1.2	4,148	-0.9	5,869	37.0	4,153	65.5
Year ended March 31, 2020	77,194	3.6	4,183	3.5	4,283	-8.2	2,510	14.8
	Net income Per share (basic)		Net income Per share (diluted)					
	¥		¥					
Year ended March 31, 2021	197.01		—					
Year ended March 31, 2020	119.07		—					

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Year ended March 31, 2021	70,518	41,501	58.9	1,968.41
Year ended March 31, 2020	64,919	38,336	59.1	1,818.24

(Reference) Shareholder's equity: Year ended March 31, 2021: ¥ 41,501 million
Year ended March 31, 2020: ¥ 38,336 million

* These financial results are not subject to auditing.

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

(Caution concerning statements, etc. regarding the future)

The forward-looking statements such as performance forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ significantly from these forecasts due to various factors. See “1. Summary of Consolidated Operating Results etc. (4) Future Prospects” on page 6 of the Appendix for the conditions assumed in consolidated forecasts and notes on the use of consolidated forecasts.

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

The Company intends to hold a telephone conference for analysts and institutional investors on Monday, May 24, 2021.

Any explanatory materials used on that day will be available on the Company's website before the session starts.

Contents of Appendix

1. Summary of Consolidated Operating Results etc.	2
(1) Summary of Consolidated Operating Results for the Period under Review	2
(2) Summary of Consolidated Financial Position for the Period under Review	4
(3) Summary of Cash Flows for the Period under Review	4
(4) Future Prospects.....	6
2. Basic View Concerning Choice of Accounting Standards.....	6
3. Consolidated Financial Statements	7
(1) Consolidated Balance Sheet	7
(2) Consolidated Income Statement and Consolidated Comprehensive Income Statement.....	9
Consolidated Income Statement	9
Consolidated Comprehensive Income Statement	10
(3) Consolidated Statement of Changes in Shareholders' Equity	11
(4) Consolidated Cash Flow Statement	13
(5) Notes to the Consolidated Financial Statements.....	15
(Notes to the going concern assumption).....	15
(Important notes on the basis of preparation of the financial statements).....	15
(Changes in the method of presentation)	17
(Notes to the Consolidated Balance Sheet)	18
(Notes to the Consolidated Income Statement).....	19
(Notes to the Consolidated Comprehensive Income Statement).....	22
(Notes to the Consolidated Statement of Changes in Shareholder Equity).....	23
(Notes to the Consolidated Cash Flow Statement).....	25
(Business Combinations).....	26
(Method Adopted to Estimate Approximate effects).....	27
(Segment information).....	27
(Per Share Information).....	30
(Material Subsequent Events).....	30

1. Summary of Consolidated Operating Results etc.

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

During the fiscal year ended March 31, 2021, the Japanese economy continued to face an uncertain future and people are forced to engage in economic activities while it was still uncertain when the disease would be contained.

In the global economy, although there were signs of recovery due to a gradual resumption of economic activities and the effects of economic stimulus measures, there were also concerns that economic activities would stagnate due to uncertainty surrounding the spread of COVID-19.

In the food industry, despite support from firm demand, various costs were on the rise, and the earnings environment remained severe due to the combination of these rising costs with the budget-consciousness of customers.

Based on these economic conditions and changes in the environment surrounding the food industry, the Kameda Seika Group will continue its efforts as part of the medium-term business plan to achieve sustainable growth and enhance corporate value by providing customer value from the standpoint of the slogan “Better for You,” which represents “contribution to a healthy lifestyle through the selection, eating and enjoyment of things that are delicious and good for the body,” and realizing its goal of becoming a “Global Food Company.”

During the period of the medium-term business plan, which continues to FY2023, we are striving to realize our vision as a distinctive global corporation that stands firmly on the foundation provided by the three pillars of our Domestic Rice Cracker Business, Overseas Business, and Food Business. At the same time, we will implement structural reforms from a medium-to-long-term perspective by taking measures to cope with changes in the business environment, such as changes in customer lifestyles due to the spread of COVID-19, with the aim of achieving sustainable growth and enhancing our corporate value.

We have been focusing on policies targeting future growth for some time, and for FY2020, we adopted more dynamic approaches over both the short and medium-to-long term, in light of the current changes in the business environment. In the Domestic Rice Cracker Business, we have been working to further strengthen our revenue base in order to solidify our position, which is by far the best in the industry, while the Overseas Business has been working to pave the way toward securing stable profits for its North American subsidiaries and restoring the overall profitability of the segment, and the Food Business has been working to achieve sales growth through an expansion of plant-based foods.

In the Domestic Rice Cracker Business, we focused on manufacturing and sales of our core products in response to growing drinking-at-home demand, in association with establishment of a habit of staying at home due to the COVID-19 pandemic. As a result, sales of our core products, such as “KAMEDA Kaki-no-Tane” and “Tsumami Dane,” which are our savory snacks line products, grew significantly. Among these products, the seasonal “Tsumami Dane” and the new “Mugen Ebi” were highly popular among customers.

From the perspective of medium-to-long-term brand value enhancement, we changed the ratio of “Kaki-no-Tane” crackers to peanuts for the first time in about 40 years for “KAMEDA Kaki-no-Tane,” in response to consumer feedback from a nationwide poll that we conducted in the previous fiscal year. In addition, we worked to further evolve our products through campaigns that directly connect with customers who have supported our products, in an effort to capture diversifying customer needs. On the other hand, for subsidiaries that deal with products for department stores and sell souvenirs, although the worst is over, the effects of voluntary restraint on going out and restrictions on travel continue to persist, and the situation remains difficult due to concerns regarding the reemergence of COVID-19.

As a result of these initiatives, net sales of our core brands, “KAMEDA Kaki-no-Tane,” “Tsumami Dane,” “Potapota Yaki,” “Age-Ichiban,” and “Soft Salad” were up year-on-year. Meanwhile, “Happy Turn,” “KAMEDA Magari Senbei,” “Teshioya,” “Usuyaki,” “Waza-no-KodaWari,” “Katabutsu,” and “HaiHain” were down year-on-year due to reduced effectiveness of aggressive sales promotion activities.

In the Overseas Business, although certain operations were restricted due to the global spread of COVID-19, Mary’s Gone Crackers, Inc. in North America, which is positioned as a key base, continued its factory operations and maintained stable performance. In addition, net sales increased year-on-year, thanks to our ongoing efforts for gaining new customers and expanding our sales areas against the backdrop of growing health consciousness, combined with consumer household spending and demand for stockpiling of food.

In Asia, LYLK KAMEDA CO., LTD. maintained stable business performance overall by benefiting from stay-at-home demand in Australia. In addition, in order to capitalize on growing global demand for rice crackers, we started a joint venture for manufacturing and sales of rice crackers for the export market in collaboration with Singha Corporation Co, Ltd., as a new base for cross-border business, and commenced operations in the second quarter. By combining the strengths of both companies, we are strengthening our global manufacturing base, which possesses both high quality and cost-competitiveness, with the aim of expanding our Overseas Business.

In the Food Business, net sales increased year-on-year due to increased demand for stockpiling of food, particularly for personal consumption, and the strong performance of products such as long-life Alpha Rice (pre-cooked and dehydrated rice) and long-life gluten-free rice flour bread.

As a result of the above, net sales totaled ¥103,305 million (down 0.5% year-on-year).

In terms of operating income, the product mix improved due to the effects of higher revenue in KAMEDA SEIKA's Rice Cracker Business, mainly at supermarkets and drugstores, as a result of increased stay-at-home demand due to the COVID-19 pandemic, as well as the strong performance of our savory snacks line products resulting from the establishment of drinking-at-home demand due to changes in lifestyles. In addition, under the COVID-19 pandemic, we promoted initiatives such as ensuring thorough operations that place the highest priority on employee safety and reducing the product lineup in order to fulfill our responsibility to supply products.

In the Overseas Business, despite the impact of COVID-19, the segment income increased and reduced loss year on year thanks to the effects of our ongoing efforts for structural reforms of Mary's Gone Crackers, Inc. and the stable operation of its production line in conjunction with increased revenue, as well as the profitability reported by the businesses of LYLK KAMEDA CO. LTD. In addition, demand for stockpiling of long-life preserved foods increased in the Food Business, the three pillars of the business set forth in the medium-term business plan are being established. On the other hand, although subsidiaries that deal with products for department stores and sell souvenirs were able to emerge from the worst period by cultivating new sales channels, launching new products, and reducing fixed costs, the trend for people to refrain from going out was persistent and sales remained sluggish. As a result, operating income of whole Group decreased by 3.3% year-on-year to ¥5,620 million.

In addition, equity in earnings of affiliates decreased due to the impact of a decline in supply capacity resulting from a temporary personnel shortage at TH Foods, Inc. due to the spread of COVID-19, as well as an increase in fixed costs associated with factory operations at Daawat KAMEDA (India) Private Limited. As a result, ordinary income decreased by 0.3% year-on-year to ¥6,889 million, and net income attributable to owners of the parent increased by 6.6% year-on-year to ¥4,757 million, as a result of the absence of extraordinary losses on the business restructuring in Thailand in the same period of the previous fiscal year.

Supplementary Information

(Unit: ¥ million)

	Year ended March 31, 2020	Year ended March 31, 2021	YoY	
			Change (amount)	Change (%)
Net sales	103,808	103,305	-503	-0.5%
Domestic rice cracker business	83,270	81,675	-1,594	-1.9%
Overseas business *1	7,892	8,503	610	7.7%
Food business *2	5,345	6,222	876	16.4%
Other (freights transport etc.) *3	7,299	6,903	-396	-5.4%
Operating income	5,813	5,620	-193	-3.3%
Operating income margin	5.6%	5.4%		
Domestic rice cracker business	5,878	5,070	-807	-13.7%
Overseas business *1	-534	-376	157	—
Food business *2	198	533	335	169.4%
Other (freights transport etc.) *3	271	391	119	44.1%

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

*2. Food Business is mainly comprised of long-life preserved foods and plant origin lactic acid bacteria as well as bread made from brown rice and plant-based food etc.

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

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

(Assets)

Current assets stood at ¥25,577 million at the end of the consolidated fiscal year under review, an increase of ¥1,594 million from the end of the previous fiscal year. This was mainly due to increases of ¥1,924 million in “Cash and deposits” and ¥397 million in “Merchandise and finished goods” which were partly offset by a ¥709 million decline in “Notes and accounts receivable-trade.” Fixed assets stood at ¥67,311 million, an increase of ¥5,468 million from the end of the previous fiscal year. This was mainly attributable to increases of ¥725 million in “Buildings and structures,” ¥1,307 million in “Machinery, equipment and vehicles, net,” ¥348 million in “Goodwill,” ¥646 million in “Investment securities” and ¥3,034 million in “Net defined benefit assets,” which were partly offset by a decrease of ¥761 million in “deferred tax assets.”

As a result, total assets stood at ¥92,888 million, an increase of ¥7,063 million from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities stood at ¥22,646 million at the end of the consolidated fiscal year under review, a decrease of ¥1,550 million from the end of the previous fiscal year. This was mainly due to an increase of ¥337 million in “Income taxes payable,” which were offset by respective decreases of ¥364 million in “Notes and accounts payable-trade,” ¥137 million in “Electronic-recording liabilities,” ¥981 million in “Short-term loans payable,” ¥114 million in “Provision for loss on closing of plants” and ¥288 million in “Other.”

Fixed liabilities stood at ¥10,346 million, an increase of ¥2,620 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥2,556 million in “Long-term loans payable.”

Consequently, total liabilities stood at ¥32,992 million, an increase of ¥1,069 million from the end of the previous consolidated fiscal year.

(Net assets)

Total net assets stood at ¥59,895 million at the end of the consolidated fiscal year under review, an increase of ¥5,993 million from the end of the previous fiscal year. This mainly reflected increases of ¥3,660 million in “Retained earnings”, based on ¥4,757 million in “Net income attributable to owners of the parent” and ¥1,096 million in “Dividends from surplus,” ¥1,644 million in “Remeasurements of defined benefit plans” and ¥665 million in “Non-controlling interests.”

As a result, the equity ratio stood at 62.7%, up from 61.6% at the end of the previous fiscal year.

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

Cash and cash equivalents ("funds") at the end of the fiscal year stood at ¥6,505 million, a year-on-year increase of ¥1,924 million.

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

(Cash Flows from Operating Activities)

Funds from operating activities totaled ¥8,671 million (increase of ¥622 million from the previous fiscal year).

This was mainly attributable to an increase in funds from income before income taxes and depreciation and amortization, despite a decrease in funds due to income taxes paid.

(Cash Flows from Investment Activities)

Funds used in investment activities totaled ¥6,337 million (decrease of ¥1,293 million in spending from the previous fiscal year).

This was mainly due to expenditure for the purchase of property, plant and equipment and purchase of shares of subsidiaries resulting in change in scope of consolidation.

(Cash Flows from Financing Activities)

Funds from financing activities totaled ¥257 million (increase of ¥96 million in spending from the previous fiscal year).

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

Free cash flow, which is computed by subtracting the net cash used in investing activities from the net cash provided by operating activities, was a positive balance of ¥2,333 million.

(Reference) Cash Flow Indicators

	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021
Equity ratio (%)	60.8	62.0	61.3	61.6	62.7
Equity ratio based on market value (%)	141.7	140.6	134.5	121.5	109.4
Interest bearing debt to cash flow (annual)	1.1	1.4	1.9	1.8	1.8
Interest coverage ratio (×)	175.6	71.8	56.2	59.8	91.6

Equity ratio: Equity capital/total assets

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

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

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

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

(4) Future Prospects

In terms of future outlook, while the trend regarding COVID-19 continues to be our greatest concern, we recognize that it will be necessary to build a robust management structure that is capable of responding to new lifestyles and changes in consumer behavior in an agile and flexible manner.

In order to respond to such major changes in the business environment, we will work to achieve sustainable growth and enhance our corporate value by implementing structural reforms, from a medium-to-long-term perspective.

In this environment, the Group has positioned FY2021 as a year of structural reform with an eye toward the future, in order to realize its medium-term business plan to become a “distinctive global corporation with autonomous business operations, based on the three pillars of our Domestic Rice Cracker Business, Overseas Business, and Food Business.” We will implement various measures to rebuild the foundation for the growth of the entire Group from the perspective of selection and concentration while linking it to results, and to capture further growth opportunities through the challenge of expanding our business domains.

- | | |
|-----------------------------------|---|
| ■ Domestic Rice Cracker Business: | Strategic initiatives toward a position that is by far the best in the industry
Implementation of various measures to improve cost competitiveness |
| ■ Overseas Business: | Further growth in North American market
Profit improvement and expanding by investment in Asia |
| ■ Food Business: | Expansion of long-life preserved foods and allergen-free products
Promote initiatives for plant-based food |

From the FY2021, we apply the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. and we project the following consolidated forecasts for FY2021: net sales of ¥106,000 million before the application of the revenue recognition standard, and ¥84,700 million after the application of said standard; operating income of ¥6,000 million (up 6.8% year-on-year); ordinary income of ¥6,900 million (up 0.2% year-on-year); and, net income attributable to owners of the parent of ¥4,700 million (down 1.2% year-on-year).

The assumptions for exchange rates on which the earnings forecasts are based are: 1 USD = 108.0 JPY; 1 RMB = 16.5 JPY; 1 THB = 3.5 JPY.

* Notes concerning performance forecasts

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

2. Basic View Concerning Choice of Accounting Standards

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

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

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(¥ million)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	4,586	6,510
Notes and accounts receivable-trade	12,586	11,876
Merchandise and finished goods	1,966	2,364
Work in process	685	807
Raw materials and supplies	3,215	3,113
Other	966	920
Allowance for doubtful accounts	(24)	(15)
Total current assets	23,982	25,577
Fixed assets		
Property, plant and equipment		
Buildings and structures	39,314	41,883
Accumulated depreciation	(23,943)	(25,788)
Buildings and structures, net	15,370	16,095
Machinery, equipment and vehicles	58,109	61,357
Accumulated depreciation	(41,992)	(43,933)
Machinery, equipment and vehicles, net	*2 16,117	*2 17,424
Land	7,199	7,199
Lease assets	3,185	2,913
Accumulated depreciation	(1,270)	(1,146)
Lease assets, net	1,915	1,767
Construction in progress	1,728	1,919
Other	3,544	4,000
Accumulated depreciation	(2,674)	(2,880)
Other, net	870	1,119
Total property, plant and equipment	43,201	45,525
Intangible assets		
Goodwill	495	844
Lease assets	27	26
Customer assets	784	722
Trademark assets	637	587
Technology assets	395	364
Other	1,015	1,003
Total intangible assets	3,354	3,547
Investments and other assets		
Investment securities	*1 11,898	*1 12,545
Deferred tax assets	1,802	1,040
Net defined benefit assets	539	3,574
Other	*2 1,091	*2 1,122
Allowance for doubtful accounts	(45)	(45)
Total investments and other assets	15,286	18,237
Total noncurrent assets	61,842	67,311
Total assets	85,825	92,888

(¥ million)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,032	3,668
Electronic-recording liabilities	2,637	2,499
Short-term loans payable	*2, *3 7,483	*2, *3 6,502
Lease obligations	309	312
Income taxes payable	725	1,062
Provision for bonuses	1,401	1,401
Provision for directors' bonuses	105	135
Provision for sales promotion expenses	863	833
Provision for loss on closing of plants	155	41
Asset retirement obligations	70	67
Other	6,409	6,121
Total current liabilities	24,197	22,646
Long-term liabilities		
Long-term loans payable	*2 5,397	*2 7,953
Lease obligations	985	904
Deferred tax liabilities	588	606
Net defined benefit liabilities	455	531
Asset retirement obligations	188	262
Reserve for retirement benefits for officers	53	—
Other	58	87
Total long-term liabilities	7,726	10,346
Total liabilities	31,923	32,992
Net assets		
Shareholders' equity		
Capital stock	1,946	1,946
Capital surplus	170	170
Retained earnings	51,853	55,514
Treasury stock	(1,899)	(1,900)
Total shareholders' equity	52,071	55,730
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	617	734
Deferred gains (losses) on hedges	4	—
Foreign currency translation adjustment	1,332	1,245
Remeasurements of defined benefit plans	(1,137)	507
Total accumulated other comprehensive income	818	2,487
Non-controlling interests	1,012	1,678
Total net assets	53,902	59,895
Total liabilities and net assets	85,825	92,888

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

(¥ million)

	Year ended March 31, 2020	Year ended March 31, 2021
Net sales	103,808	103,305
Cost of sales	58,764	58,670
Gross profit	45,043	44,634
Selling, general and administrative expenses	*1, *3 39,229	*1, *3 39,014
Operating income	5,813	5,620
Non-operating income		
Interest income	7	7
Dividend income	46	49
Equity in earnings of affiliates	1,194	926
Government subsidies for the employment adjustment	—	162
Other	114	275
Total non-operating income	1,363	1,420
Non-operating expenses		
Interest expenses	137	86
Foreign exchange losses	38	—
Commitment fee	13	15
Other	78	49
Total non-operating expenses	268	151
Ordinary income	6,909	6,889
Extraordinary income		
Gain on sales of noncurrent assets	—	*2 46
Subsidy income	*4 80	—
Total extraordinary income	80	46
Extraordinary losses		
Loss on disposal of noncurrent assets	*5 227	*5 220
Impairment loss	*6 927	*6 385
Provision for loss on closing of plants	*7 163	—
Total extraordinary losses	1,319	605
Income before income taxes	5,669	6,330
Income taxes-current	1,692	1,720
Income taxes-deferred	(455)	(84)
Total income taxes	1,236	1,635
Net income	4,433	4,694
Net income (loss) attributable to non-controlling	(30)	(62)
Net income attributable to owners of the parent	4,463	4,757

(Consolidated Comprehensive Income Statement)

(¥ million)

	Year ended March 31, 2020	Year ended March 31, 2021
Net income	4,433	4,694
Other comprehensive income		
Valuation difference on available-for-sale securities	(195)	116
Deferred gains (losses) on hedges	5	(4)
Foreign currency translation adjustment	(37)	(336)
Adjustment for retirement benefits	(1,109)	1,644
Share of other comprehensive income of associates accounted for using equity method	(175)	200
Other comprehensive income	*1 (1,512)	*1 1,619
Comprehensive income	2,920	6,314
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,962	6,426
Comprehensive income attributable to non-controlling interests	(41)	(111)

(3) Consolidated Statement of Changes in Shareholders' Equity

Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)

(¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2019	1,946	170	48,465	(1,898)	48,683
Changes during the period					
Dividends from surplus			(1,075)		(1,075)
Net income attributable to owners of the parent			4,463		4,463
Purchase of treasury stock				(0)	(0)
Change in parent equity interests arising from transactions with non-controlling shareholders					—
Change in items other than shareholders' equity (net)					—
Total changes during the period	—	—	3,388	(0)	3,387
As of March 31, 2020	1,946	170	51,853	(1,899)	52,071

	Comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total comprehensive income		
As of April 1, 2019	813	(0)	1,533	(27)	2,318	1,054	52,056
Changes during the period							
Dividends from surplus							(1,075)
Net income attributable to owners of the parent							4,463
Purchase of treasury stock							(0)
Change in parent equity interests arising from transactions with non-controlling shareholders							—
Change in items other than shareholders' equity (net)	(195)	5	(201)	(1,109)	(1,500)	(41)	(1,542)
Total changes during the period	(195)	5	(201)	(1,109)	(1,500)	(41)	1,845
As of March 31, 2020	617	4	1,332	(1,137)	818	1,012	53,902

Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)

(¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2020	1,946	170	51,853	(1,899)	52,071
Changes during the period					
Dividends from surplus			(1,096)		(1,096)
Net income attributable to owners of the parent			4,757		4,757
Purchase of treasury stock				(1)	(1)
Change in parent equity interests arising from transactions with non-controlling shareholders					—
Change in items other than shareholders' equity (net)					—
Total changes during the period	—	—	3,660	(1)	3,659
As of March 31, 2021	1,946	170	55,514	(1,900)	55,730

	Comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total comprehensive income		
As of April 1, 2020	617	4	1,332	(1,137)	818	1,012	53,902
Changes during the period							
Dividends from surplus							(1,096)
Net income attributable to owners of the parent							4,757
Purchase of treasury stock							(1)
Change in parent equity interests arising from transactions with non-controlling shareholders							—
Change in items other than shareholders' equity (net)	116	(4)	(86)	1,644	1,669	665	2,334
Total changes during the period	116	(4)	(86)	1,644	1,669	665	5,993
As of March 31, 2021	734	—	1,245	507	2,487	1,678	59,895

(4) Consolidated Cash Flow Statement

(¥ million)

	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from operating activities		
Income before income taxes	5,669	6,330
Depreciation and amortization	4,652	4,612
Impairment loss	927	385
Amortization of goodwill	100	74
Increase (decrease) in bonus provisions	3	(3)
Increase (decrease) in provision for directors' bonuses	2	29
Increase (decrease) in provision for directors' retirement benefits	—	(53)
Increase (decrease) in provision for sales promotion expenses	182	(26)
Increase (decrease) in provision for loss on closing of plants	155	(114)
Increase (decrease) in net defined benefit liability	9	38
Decrease (increase) in net defined benefit asset	(805)	(672)
Interest and dividend income	(53)	(56)
Interest expenses	137	86
Equity in losses (earnings) of affiliates	(1,194)	(926)
Loss (gain) on sales of property, plant and equipment	—	(46)
Loss (gain) on disposal of noncurrent assets	227	220
Subsidy income	(80)	—
Decrease (increase) in notes and accounts receivable-trade	200	828
Decrease (increase) in inventories	(200)	(302)
Increase (decrease) in notes and accounts payable-trade	292	(594)
Decrease (increase) in other assets	(483)	207
Increase (decrease) in other liabilities	(195)	(285)
Increase (decrease) in accrued consumption taxes	(41)	(143)
Other	2	(80)
Subtotal	9,510	9,506
Interest and dividend income received	623	684
Interest expenses paid	(134)	(94)
Income taxes paid	(2,161)	(1,425)
Settlement received	209	—
Net cash provided by operating activities	8,048	8,671

(¥ million)

	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from investing activities		
Decrease (increase) in time deposits	(0)	(0)
Decrease (increase) in long-term deposits	(438)	(12)
Purchase of property, plant and equipment	(5,101)	(5,778)
Proceeds from sales of property, plant and equipment	8	47
Payments for retirement of property, plant and equipment	(72)	(102)
Purchase of investment securities	(1,893)	(14)
Proceeds from sales of investment securities	2	68
Purchase of intangible assets and investments	(238)	(207)
Proceeds from sales of intangible assets and investments, etc.	21	8
Subsidy received	80	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	*2 (346)
Net cash used in investing activities	(7,631)	(6,337)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,294)	(536)
Proceeds from long-term loans payable	5,000	5,000
Repayment of long-term loans payable	(2,446)	(3,298)
Repayments of lease obligations	(345)	(324)
Purchase of treasury stock	(0)	(1)
Cash dividends paid	(1,074)	(1,096)
Net cash used in financing activities	(161)	(257)
Effect of exchange rate changes on cash and cash equivalents	(2)	(151)
Net increase (decrease) in cash and cash equivalents	252	1,924
Cash and cash equivalents, beginning of term	4,328	4,581
Cash and cash equivalents, end of term	*1 4,581	*1 6,505

(5) Notes to the Consolidated Financial Statements

(Notes to the going concern assumption)

Not applicable.

(Important notes on the basis of preparation of the financial statements)

1. Scope of consolidation

Number of consolidated subsidiaries: 16

Names of consolidated subsidiaries:

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

Singha Kameda (Thailand) Co., Ltd. and its subsidiary Singha Kameda Trading (Thailand) Co., Ltd. are included in the scope of consolidation through an underwriting of third-party allocation of shares.

2. Scope of the Use of Equity Accounting

Number of affiliates accounted for by the equity method: 3

Names of affiliated companies:

TH FOODS, INC.
THIEN HA KAMEDA, JSC.
Daawat KAMEDA (India) Private Limited

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

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

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

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

4. Accounting Standards and Methods

(1) Valuation

(i) Securities

Available-for-sale securities

Securities with fair market value

Securities with fair market value are stated using the mark-to-market method based on the market price at the balance sheet date (total net unrealized gains or losses after tax effect adjustments are directly recorded in shareholders' equity, and the cost of securities sold is calculated based on the moving-average method).

Securities that do not have fair market values

Securities that do not have fair market values are primarily stated at cost using the moving-average method.

(ii) Inventories

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

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

(b) Supplies

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

(iii) Derivatives

Derivatives are stated using the mark-to-market method

(2) Depreciation and amortization of major depreciable assets

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

The straight-line method for depreciation is used.

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

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

(ii) Intangible fixed assets (excluding lease assets)

The straight-line method for depreciation is used.

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

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

(iii) Lease assets

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

(3) Basis of material allowances

(i) Allowance for doubtful accounts

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

(ii) Provision for bonuses

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

(iii) Provision for directors' bonuses

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

(iv) Provision for sales promotion expenses

To prepare for the payment of future sales promotions for products that have been marketed, an amount is recorded based on the historical percentage.

(v) Provision for loss on closing of plants

To prepare for losses related to the closure of plants, expected losses were recorded.

(vi) Asset retirement obligations

To provide for future directors' retirement benefits in some of our subsidiaries, an estimated amount is recorded.

(4) Accounting treatment of retirement benefits

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

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

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

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

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

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

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

(6) Principal accounting methods for hedge transactions

(i) Hedge accounting methods

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

(ii) Hedge methods and hedge targets

Hedge method Forward exchange contracts

Hedge targets Scheduled transactions denominated in foreign currencies

(iii) Hedge policy

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

(iv) Methods for evaluating the effectiveness of hedges

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

(7) Amortization method and period for goodwill

Goodwill is amortized over a period of 15 to 20 years by the straight-line method.

(8) Scope of cash in consolidated cash flow statement

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

(9) Other important items regarding the preparation of consolidated financial statements

Accounting treatment of consumption tax

National and local consumption taxes are accounted for by the tax excluded method.

(Changes in the method of presentation)

(Consolidated income statement)

Foreign exchange gains and foreign exchange losses, which were presented separately as “Foreign exchange losses” in the previous consolidated fiscal year, are included in “Other” under non-operating income in the current consolidated fiscal year, since the net amount as “Foreign exchange gains” accounted for less than 10% of total non-operating income.

“Foreign exchange gains” included in “Other” under non-operating income for the current consolidated fiscal year amounted to ¥58 million.

“Commitment fee,” which was included in “Other” under “Non-operating expenses” in the previous consolidated fiscal year, is presented separately in the current consolidated fiscal year, since this amount exceeded 10% of total non-operating expenses. The consolidated financial statements for the previous consolidated fiscal year have been reclassified in order to reflect these changes in presentation.

As a result, the ¥92 million that was stated as “Other” under “Non-operating expenses” in the consolidated income statement for the previous consolidated fiscal year was reclassified for statement as “Commitment fee” of ¥13 million and “Other” of ¥78 million.

(Notes to the Consolidated Balance Sheet)

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

(¥ million)

	Previous consolidated fiscal year (ended March 31, 2020)	Current consolidated fiscal year (ended March 31, 2021)
Investment securities (shares)	9,868	10,367

*2 Assets provided as collateral and collateralized loans

Assets provided as collateral are as shown below.

(¥ million)

	Previous consolidated fiscal year (ended March 31, 2020)	Current consolidated fiscal year (ended March 31, 2021)
Machinery, equipment and vehicles (net)	2,188	1,936
Other under Investments and other assets (Long-term deposits)	438	426
Total	2,626	2,363

Collateralized loans are as shown below.

(¥ million)

	Previous consolidated fiscal year (ended March 31, 2020)	Current consolidated fiscal year (ended March 31, 2021)
Short-term loans payable	1,126	319
Long-term loans payable	447	103
Total	1,573	422

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

(¥ million)

	Previous consolidated fiscal year (ended March 31, 2020)	Current consolidated fiscal year (ended March 31, 2021)
Commitment amount	7,500	12,500
Loan balance	4,157	3,876
Difference	3,342	8,623

(Notes to the Consolidated Income Statement)

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

(¥ million)

	Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)
Sales promotion expenses	19,868	20,025
Provision for sales promotion expenses	863	839
Salaries and allowances	4,660	4,761
Provisions for bonuses	437	458
Provision for directors' bonuses	105	132
Retirement benefit expenses	36	55
Storage and shipping expenses	5,045	5,013

*2 Gain on disposal of noncurrent assets are as shown below.

(¥ million)

	Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)
Machinery, equipment and vehicles	—	46
Other under Property, plant and equipment	—	0
Total	—	46

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

	Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)
	1,117	1,139

*4 Subsidy income

Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)

Extraordinary income of ¥80 million was recorded for the financial incentive for companies to locate in the area which came with the plant expansion of Onisi Foods Co., Ltd., our consolidated subsidiary.

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

(¥ million)

	Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)
Loss on sale of noncurrent assets		
Machinery, equipment and vehicles	0	2
Other property, plant and equipment	0	0
Loss on retirement of noncurrent assets		
Buildings and structures	51	63
Machinery, equipment and vehicles	138	135
Lease assets	—	2
Other property, plant and equipment	4	8
Other intangible assets	29	5
Other investments and other assets	3	1
Total	227	220

*6 Impairment losses

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

Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)

Use	Type	Location
Assets for business use	Goodwill Buildings and structures Machinery, equipment and vehicles Other property, plant and equipment, etc.	Sabae-shi, Fukui and Kingdom of Thailand
Idle assets	Buildings and structures Machinery, equipment and vehicles Other property, plant and equipment etc.	Agano-shi, Niigata and other

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

As a result, with regard to assets for business use, goodwill that arose at the time of acquisition of Maisen Co., Ltd. our consolidated subsidiary, the company made judgment that more time will be needed to achieve the original projected earnings, their book values were reduced to their recoverable values, and the amount of that reduction was recorded as an impairment loss of ¥145 million under extraordinary loss.

Furthermore, revenues that were assumed at the time of investment for noncurrent assets held by THAI KAMEDA CO., LTD., our consolidated subsidiary in Thailand, can no longer be expected, their book values were reduced to their recoverable values, and the amount of that reduction was recorded as an impairment loss of ¥212 million under extraordinary loss. The breakdown is ¥23 million in buildings and structures, ¥158 million in machinery, equipment and vehicles, ¥31 million in other property, plant and equipment.

With regard to idle assets, their book values were reduced to their recoverable values, and the amount of that reduction was recorded as an impairment loss of ¥569 million under extraordinary loss. The breakdown is ¥9 million in buildings and structures, ¥559 million in machinery, equipment and vehicles, and ¥0 million in other property, plant and equipment.

The recoverable values of goodwill that arose at the time of acquisition of shares in our consolidated subsidiary, Maisen Co., Ltd. and fixed assets held by THAI KAMEDA CO., LTD., our consolidated subsidiary in Thailand, were measured based on the value in use, and were calculated by deeming the recoverable values to be zero.

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

Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)

Use	Type	Location
Idle assets	Buildings and structures Machinery, equipment and vehicles Other property, plant and equipment, etc. Other intangible assets, etc.	Niigata-shi, Niigata, Kingdom of Cambodia and Other

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

As a result, with regard to idle assets, their book values were reduced to their recoverable values, and the amount of that reduction was recorded as an impairment loss of ¥385 million under extraordinary loss. The breakdown is ¥3 million in buildings and structures, ¥354 million in machinery, equipment and vehicles, ¥2 million in other property, plant and equipment and ¥25 million in other intangible assets.

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

*7 Provision for loss on closing of plants

Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)

To prepare for losses related to the closure of the plant of our consolidated subsidiary, expected losses of ¥163 million were recorded as provision for loss on closing of plants.

(Notes to the Consolidated Comprehensive Income Statement)

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

(¥ million)

	Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)
Valuation difference on available-for-sale securities:		
In current fiscal year	(278)	192
Reclassification adjustment amount	—	(24)
Before tax effect adjustment	(278)	167
Tax effect	82	(50)
Valuation difference on available-for-sale securities	(195)	116
Deferred gains (losses) on hedges:		
In current fiscal year	7	(7)
Tax effect	(2)	2
Deferred gains (losses) on hedges	5	(4)
Foreign currency translation adjustment:		
In current fiscal year	(37)	(336)
Adjustment for retirement benefits:		
In current fiscal year	(1,594)	2,207
Reclassification adjustment amount	0	155
Before tax effect adjustment	(1,594)	2,362
Tax effect	484	(718)
Adjustment for retirement benefits	(1,109)	1,644
Share of other comprehensive income of associates accounted for using equity method:		
In current fiscal year	(175)	200
Other comprehensive income	(1,512)	1,619

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

Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)

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

	Number of shares at the beginning of the consolidated fiscal year (shares)	Increase in number of shares in consolidated fiscal year (shares)	Decrease in number of shares in consolidated fiscal year (shares)	Number of shares at the end of the consolidated fiscal year (shares)
Number of shares outstanding				
Common stock	22,318,650	—	—	22,318,650
Total	22,318,650	—	—	22,318,650
Treasury stock				
Common stock (Note)	1,234,371	91	—	1,234,462
Total	1,234,371	91	—	1,234,462

(Note) The increase of 91 shares in the number of shares of common stock under treasury stock is the increase that resulted from the purchase of fractional shares.

2. Dividends

(1) Amount of dividends paid

(Resolution)	Type of stock	Total amount of dividends (¥ million)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders June 21, 2019	Common stock	759	36	March 31, 2019	June 24, 2019
Board of Directors Meeting October 31, 2019	Common stock	316	15	September 30, 2019	December 3, 2019

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

(Resolution)	Type of stock	Total amount of dividends (¥ million)	Source of dividends	Dividend per share (¥)	Record date	Effective date
Annual General Meeting of Shareholders June 17, 2020	Common stock	780	Retained earnings	37	March 31, 2020	June 18, 2020

Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)

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

	Number of shares at the beginning of the consolidated fiscal year (shares)	Increase in number of shares in consolidated fiscal year (shares)	Decrease in number of shares in consolidated fiscal year (shares)	Number of shares at the end of the consolidated fiscal year (shares)
Number of shares outstanding				
Common stock	22,318,650	—	—	22,318,650
Total	22,318,650	—	—	22,318,650
Treasury stock				
Common stock (Note)	1,234,462	233	—	1,234,695
Total	1,234,462	233	—	1,234,695

(Note) The increase of 233 shares in the number of shares of common stock under treasury stock is the increase that resulted from the purchase of fractional shares.

2. Dividends

(1) Amount of dividends paid

(Resolution)	Type of stock	Total amount of dividends (¥ million)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders June 17, 2020	Common stock	780	37	March 31, 2020	June 18, 2020
Board of Directors Meeting October 30, 2020	Common stock	316	15	September 30, 2020	December 2, 2020

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

The following is to be approved.

(Resolution)	Type of stock	Total amount of dividends (¥ million)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders June 16, 2021	Common stock	801	Retained earnings	38	March 31, 2021	June 17, 2021

(Notes to the Consolidated Cash Flow Statement)

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

	Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)
Cash and deposits	4,586 ¥million	6,510 ¥million
Fixed term deposits exceeding 3 months	(4)	(4)
Cash and cash equivalents	4,581	6,505

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

Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)

Not applicable.

Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)

The details of the assets and liabilities at the time of consolidation due to the consolidation of Singha Kameda (Thailand) Co., Ltd. and its subsidiary Singha Kameda Trading (Thailand) Co., Ltd. through an underwriting of third-party allocation of shares, and the relationship between the cost at acquisition of the shares of these companies and the (net) payments for the purpose of acquisition of these companies are shown below.

	(¥ million)
Current assets	1,245
Fixed assets	1,592
Goodwill	429
Current liabilities	(752)
Long-term liabilities	(516)
Foreign currency translation adjustment	(10)
Non-controlling interests	(783)
Acquisition price of shares in these companies	1,202
Cash and cash equivalents of these companies	(856)
Deductions: payment for (income from) acquisition of subsidiaries due to change in scope of consolidation:	346

(Business Combinations)

Business combination by acquisition

1. Overview of business combination

(i) Name of acquired enterprise and its business activities

Name of acquired enterprise Singha Kameda (Thailand) Co., Ltd.

Business activities Manufacturing and selling rice crackers

(ii) Main reasons for business combination

By combining our expertise in rice cracker-related manufacturing technology and our knowledge of safe and secure product development learned through the business in Japan with the sales and marketing capabilities of Singha Corporation Co., Ltd., we aim to strengthen the Company as a global base that has both high quality and cost competitiveness, and is expected to contribute to enhance the corporate value of Group by expanding our overseas business.

(iii) Date of business combination

June 29, 2020 (date of share acquisition)

June 30, 2020 (regarded as acquisition date)

(iv) Legal form of business combination

Underwriting of third-party allocation of shares

(v) Name of acquired company after the acquisition

No change

(vi) Share of voting rights acquired

50.0%

(vii) Main reasons leading to decision of acquiring enterprise

Through an underwriting of third-party allocation of shares, the Company acquired a 50.00% share of outstanding shares in Singha Kameda (Thailand) Co., Ltd.

2. Period during which performance of the acquired company is included in the quarterly consolidated income statement

From July 1, 2020 to December 31, 2020

3. Acquisition cost and consideration paid, by type, for the acquired company

		(¥ Million)
Consideration for acquisition	Cash	1,202
Acquisition cost		1,279

4. The amount of main acquisition-related cost

Advisory expenses, etc ¥76 million

5. Amount of goodwill, reason for its occurrence, and amortization method and period

(i) Amount of goodwill that occurred

¥429 million

(ii) Reason for its occurrence

Goodwill occurred as a result of the future excess earning power expected from future business development.

(iii) Amortization method and period

Amortized in equal amounts over a 20 year period

6. Amounts of assets received and liabilities assumed on the business combination date and a breakdown of the major items

Current assets	¥1,245 million
Fixed assets	¥1,592 million
Total assets	¥2,837 million
Current liabilities	¥752 million
Long-term liabilities	¥516 million
Total liabilities	¥1,269 million

7. Estimated amount of the impact (and calculation method thereof) on the income statement for the current fiscal year, under the assumption that the business combination was completed as of the beginning of the fiscal year

Net sales	¥208 million
Operating loss	- ¥87 million
Ordinary loss	- ¥102 million
Loss before income taxes	- ¥102 million
Net loss attributable to owners of parent	- ¥53 million
Net loss per share	- ¥2.56

(Method adopted to estimate approximate effects)

The difference between the net sales and profit and loss information calculated as if the business combination completed as of the date of commencement of the consolidated fiscal year and the net sales and profit and loss information in the consolidated income statement of the acquired company is defined as the estimated amount of effect.

Such differences include amortization of goodwill between the start of the fiscal year and the date of the corporate combination.

The estimated amount of effect has not received audit certification.

(Segment information)

1. Overview of reportable segment

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

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

The Domestic Rice Cracker Business is engaged in the manufacture and sale of rice crackers in Japan. The Overseas Business is engaged in the manufacture and sale of rice crackers overseas. The Food Business is engaged in the manufacture and sale of long-term preserved foods, as well as the production and processing of agricultural products.

The Group's reportable segment was previously defined as a single business segment for the manufacture and sale of rice crackers. In the current fiscal year, we updated our medium-term business plan, in order to drive autonomous business operations and Group management including the affiliates, based on the three pillars of our Domestic Rice Cracker Business, Overseas Business, and Food Business, as the direction of our medium-term business strategy, and to further clarify the direction that we should aim for.

In light of these circumstances, the reportable segment has split into three segments from the first quarter of the current consolidated fiscal year as a result of re-examination about reportable segment from the viewpoint of the Group's business development, allocation of its management resources and the status of business administrative structure, etc.

Note that the segment information for the previous consolidated fiscal year is disclosed based on the reportable segments as classified following the changes that were made to the Company structure.

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

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

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

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

3. Information regarding the amount of net sales, income (loss), assets, liabilities, and other items by reportable segment
Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)

(¥ million)

	Reportable segment				Others (Note) 1	Total	Adjustments (Note) 2	The amount stated in quarterly consolidated income statement (Note) 3
	Domestic Rice Cracker	Overseas	Food	Total				
Net sales								
Net sales to outside customers	83,270	7,892	5,345	96,508	7,299	103,808	—	103,808
Internal sales or transfers between segments	3	1,134	25	1,164	5,630	6,795	(6,795)	—
Total	83,274	9,027	5,371	97,673	12,930	110,603	(6,795)	103,808
Segment income (loss)	5,878	(534)	198	5,541	258	5,800	13	5,813
Other items								
Depreciation and amortization	3,457	477	352	4,287	364	4,652	—	4,652
Amortization of goodwill	—	—	100	100	—	100	—	100

- (Note) 1. “Other” refers to business segments not included in the reportable segments, which includes logistic business etc.
2. ¥13 million of adjustment of segment income (loss) is ¥13 million of elimination of intersegment transactions.
3. Segment income (loss) is adjusted with operating income reported on quarterly consolidated income statement.

Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)

(¥ million)

	Reportable segment				Others (Note) 1	Total	Adjustments (Note) 2	The amount stated in quarterly consolidated income statement (Note) 3
	Domestic Rice Cracker	Overseas	Food	Total				
Net sales								
Net sales to outside customers	81,675	8,503	6,222	96,401	6,903	103,305	—	103,305
Internal sales or transfers between segments	4	1,107	25	1,138	5,648	6,786	(6,786)	—
Total	81,680	9,611	6,248	97,539	12,551	110,091	(6,786)	103,305
Segment income (loss)	5,070	(376)	533	5,228	382	5,610	9	5,620
Other items								
Depreciation and amortization	3,345	541	374	4,260	351	4,612	—	4,612
Amortization of goodwill	—	10	63	74	—	74	—	74

- (Note) 1. “Other” refers to business segments not included in the reportable segments, which includes logistic business etc.
2. ¥9 million of adjustment of segment income (loss) is ¥9 million of elimination of intersegment transactions.
3. Segment income (loss) is adjusted with operating income reported on quarterly consolidated income statement.

4. Description of nature of differences between amounts of reportable segments total and consolidated financial statements

(¥ million)

Net sales	Previous consolidated fiscal year	Current consolidated fiscal year
Total for reportable segment	97,673	97,539
Net sales of other segments	12,930	12,551
Elimination of inter-segment transactions	(6,795)	(6,786)
Net sales on the statement	103,808	103,305

(¥ million)

Operating income	Previous consolidated fiscal year	Current consolidated fiscal year
Total for reportable segment	5,541	5,228
Net sales of other segments	258	382
Elimination of inter-segment transactions	13	9
Operating income on the statement	5,813	5,620

(¥ million)

Other items	Total for reportable segment		Other		Adjustment		Amounts reported on the income statement	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Depreciation and amortization	4,287	4,260	364	351	—	—	4,652	4,612
Amortization of goodwill	100	74	—	—	—	—	100	74

(Per Share Information)

	Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)
Net assets per share	¥ 2,508.48	¥ 2,761.24
Net income per share	¥ 211.71	¥ 225.62

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

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

	Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)
Net income attributable to owners of the parent(¥ million)	4,463	4,757
Amount not attributable to common shareholders (¥ million)	—	—
Net income attributable to owners of the parent associated with shares of common stock (¥ million)	4,463	4,757
Average number of shares during the fiscal year (thousand shares)	21,084	21,084

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

	Previous consolidated fiscal year (ended March 31, 2020)	Current consolidated fiscal year (ended March 31, 2021)
Total net assets (¥ million)	53,902	59,895
Amounts deducted from total net assets (¥ million)	1,012	1,678
(of which non-controlling interests) (¥ million)	(1,012)	(1,678)
Net assets at end of fiscal year associated with shares of common stock (¥ million)	52,889	58,217
Number of common shares at the end of the fiscal year used in the calculation of net assets per share (thousand shares)	21,084	21,083

(Material Subsequent Events)

Not applicable.