

Consolidated Financial Results (Japanese Accounting Standards) for the FY2021 (Ended March 31, 2022) (English Translation)

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 Scheduled date of commencement of dividend payment: June 15, 2022
 Scheduled date for filing of securities report: June 14, 2022
 Supplementary documents for financial results: Yes
 Financial results briefing: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the fiscal Year Ended March 31, 2022(April 1, 2021 - March 31, 2022)

(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, 2022	85,163	—	4,863	-13.5	6,099	-11.5	4,428	-6.9
March 31, 2021	103,305	-0.5	5,620	-3.3	6,889	-0.3	4,757	6.6

(Note) Comprehensive income: ¥ 6,898 million (9.3%) for the fiscal year ended March 31, 2022
 ¥ 6,314 million (116.2%) for the fiscal year ended March 31, 2021

	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, 2022	210.05	—	7.3	6.2	5.7
March 31, 2021	225.62	—	8.6	7.7	5.4

(Reference) Equity in earnings of affiliates: ¥ 706 million for the fiscal year ended March 31, 2022
 ¥ 926 million for the fiscal year ended March 31, 2021

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current consolidated fiscal year. The figures for the FY2021 ended March 31, 2022 represent figures after the application of the accounting standard, etc. Accordingly, the year-on-year percentage change in net sales is not stated.

(2) Consolidated Results of Operations

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2022	102,955	65,722	61.6	3,008.21
As of March 31, 2021	92,888	59,895	62.7	2,761.24

(Reference) Shareholder's equity: As of March 31, 2022: ¥ 63,424 million
 As of March 31, 2021: ¥ 58,217 million

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current consolidated fiscal year. The figures for the FY2021 ended March 31, 2022 represent figures after the application of the accounting standard, etc.

(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, 2022	8,305	-9,841	1,198	5,944
March 31, 2021	8,671	-6,337	-257	6,505

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, 2021	—	15.00	—	38.00	53.00	1,117	23.5	2.0
Year ended March 31, 2022	—	15.00	—	39.00	54.00	1,138	25.7	1.9
Year ending March 31, 2023 (forecasts)	—	15.00	—	40.00	55.00		31.3	

3. Forecasts of Consolidated Financial Results for the Fiscal year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(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, 2022	44,000	11.0	1,400	10.8	1,900	21.8	1,200	-30.4	56.92
Year ending March 31, 2023	92,000	8.0	5,000	2.8	5,900	-3.3	3,700	-16.5	175.49

* Notes

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

1 new company (Company name) THIEN HA KAMEDA, JSC.

(Note) For details, please refer to p.15 of the Appendix, "3. Quarterly Consolidated Financial Statements and Major Notes (5) Notes to the Quarterly Consolidated Financial Statements (Important Notes on the Basis of Preparation of the Financial Statements)"

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

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

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

- (i) Number of shares outstanding at end of period (including treasury stock)
 - As of March 31, 2022: 22,318,650 shares
 - As of March 31, 2021: 22,318,650 shares
- (ii) Number of treasury stock at end of period
 - As of March 31, 2022: 1,234,971 shares
 - As of March 31, 2021: 1,234,695 shares
- (iii) Average number of shares outstanding during the term
 - Year ended March 31, 2022: 21,083,840 shares
 - Year ended March 31, 2021: 21,084,005 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the fiscal Year Ended March 31, 2022(April 1, 2021 – March 31, 2022)

(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, 2022	58,664	—	3,261	-21.4	5,063	-13.7	3,434	-17.3
Year ended March 31, 2021	78,108	1.2	4,148	-0.9	5,869	37.0	4,153	65.5
	Net income Per share (basic)		Net income Per share (diluted)					
	¥		¥					
Year ended March 31, 2022	162.91		—					
Year ended March 31, 2021	197.01		—					

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current consolidated fiscal year. The figures for the FY2021 ended March 31, 2022 represent figures after the application of the accounting standard, etc. Accordingly, the year-on-year percentage change in net sales is not stated.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Year ended March 31, 2022	75,901	43,406	57.2	2,058.77
Year ended March 31, 2021	70,518	41,501	58.9	1,968.41

(Reference) Shareholder's equity: Year ended March 31, 2022: ¥ 43,406 million
Year ended March 31, 2021: ¥ 41,501 million

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current consolidated fiscal year. The figures for the FY2021 ended March 31, 2022 represent figures after the application of the accounting standard, etc.

* These financial results are not subject to auditing.

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

(Caution concerning statements, etc. regarding the future)

The forward-looking statements such as performance forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ significantly from these forecasts due to various factors. See “1. Summary of Consolidated Operating Results etc. (4) Future Prospects” on p.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 web conference for analysts and institutional investors on Tuesday, May 24, 2022.

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

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1. Summary of Consolidated Operating Results etc.

The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter, the “Revenue Recognition Accounting Standard”), etc. from the beginning of the current consolidated fiscal year.

The change in net sales compared to the previous consolidated fiscal year and the year-on-year percentage change are not stated, because the figures for the current consolidated fiscal year, explained herein as a consolidated operating results represent figures after the application of the accounting standard, etc.

For details regarding the application of the “Revenue Recognition Accounting Standard,” etc., please refer to “3. Quarterly Consolidated Financial Statements and Major Notes (5) Notes to the Quarterly Consolidated Financial Statements (Changes in Accounting Policies).”

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

During the fiscal year ended March 31, 2022, the Japanese economy generally remained in a severe situation, as economic activities were repeatedly restricted by the spread of mutant strains of COVID-19, which slowed the pace of consumption recovery, while a series of price hikes for consumer goods cooled consumer sentiment.

With regard to the global economy, amidst moves to search for ways to coexist with COVID-19, heightened geopolitical risks stemming from the situation in Ukraine have raised concerns regarding supply systems for energy and food products on a global scale, and the outlook for the global economy is becoming increasingly uncertain.

As for the food industry, despite support from firm demand, it has continued to face a challenging business environment due to rising transportation costs caused by soaring crude oil prices and upward pressure on various raw material prices.

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

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 to address changes in the business environment, such as changes in consumer behavior triggered by COVID-19, thereby making efforts to ensure the achievement of sustainable growth and an enhancement of our corporate value.

We have positioned FY2021 as a year to solidify the foundation for our next stage of growth, and have implemented various measures centered on structural reforms. In the Domestic Rice Cracker Business, we worked to further strengthen our revenue base in order to solidify our position, which is by far the best in the industry. The Overseas Business worked to achieve further growth in the North American market, and to establish a foundation for further growth through profitable business operations and aggressive investment in Asia. The Food Business worked to expand long-life preserved foods and allergen-free products, and to strengthen our initiatives for plant-based foods.

In the Domestic Rice Cracker Business, we worked to expand environmentally friendly products, against a backdrop of growing environmental awareness among customers. In terms of sales, we concentrated management resources on growth channels, and promoted improvements in sales productivity through the digitalization of sales activities such as SFA and MotionBoard. Even though stay-at-home demand resulting from the COVID-19 pandemic is subsiding, many of our products, such as “Tsumami Dane” and “Mugen Ebi,” are highly popular among our customers. We are working to continuously increase our production capacity to meet the strong demand. Meanwhile, the business environment remained generally severe until the third quarter, primarily due to a temporary shortage of supply capacity for our core products as a result of labor shortages, as well as changes in product specifications and price revisions due to soaring raw material prices. However, there were signs of a gradual recovery from the beginning of the year. In addition, the suspension of operations of a company in the same business due to a fire at its plant in the fourth quarter changed the state of the domestic rice cracker market, and demand for alternatives to domestic rice cracker companies, including the Company, is increasing rapidly. As a leading company in the rice cracker industry, the Group has increased production by increasing production personnel, working overtime, and working on holidays, in order to control the risk of market shrinkage due to a shortage of product supply capacity, which would cause customers to leave rice crackers in the short to medium term. The Group has also shifted to a system that prioritizes supply by expanding outsourced production and other measures, and is continuing to take such measures.

As a result of these initiatives, excluding the impact of the decline in revenue due to the Revenue Recognition Accounting Standard, net sales of our core brands, “Happy Turn,” “Tsumami Dane,” “Usuyaki,” “Waza-no-KodaWari,” “Potapota Yaki,” and “HaiHain” were up year-on-year. Meanwhile, “KAMEDA Kaki-no-Tane,” “KAMEDA Magari Senbei,” “Soft Salad,” “Teshioya,” “Age-Ichiban,” and “Katabutsu” were down year-on-year.

In the Overseas Business, Mary's Gone Crackers, Inc. in North America experienced a rebound from the special demand caused by the spread of COVID-19 in the previous year. Meanwhile, net sales of Singha Kameda (Thailand) Co., Ltd., which became a consolidated subsidiary during the previous fiscal year, contributed to our performance for the full fiscal year, while THIEN HA KAMEDA, JSC., which has the high potential to expand sales channels in Vietnam and become a cross-border production base, has been included in the consolidated income from the third quarter. As a result, net sales excluding the impact of the decline in revenue due to the Revenue Recognition Accounting Standard increased year-on-year.

In the Food Business, in addition to stable demand for long-life preserved foods against the backdrop of heightened awareness regarding disaster prevention, demand increased further toward the end of the fiscal year due to the impact of an earthquake that occurred in March 2022 off the coast of Fukushima Prefecture. In addition, inquiries for rice flour bread, which is free of 28 items identified as allergens and is produced by TAINAI Co., Ltd., which became a consolidated subsidiary, have been increasing rapidly, and we are working to increase production capacity, including a relocation and consolidation of our production functions, in order to meet the demand. As a result, net sales excluding the impact of the decline in revenue due to the Revenue Recognition Accounting Standard increased year-on-year.

As a result of the above, net sales totaled ¥85,163 million.

In terms of operating income, although subsidiaries that deal with products for department stores and sell souvenirs showed only a moderate recovery due to the impact of behavioral restrictions resulting from COVID-19, we broke out of the previous year's loss, and secured profitability as a result of diversification of our sales channels, establishment of an efficient operational structure, and various cost reduction measures, which we have been working on for some time. In the KAMEDA SEIKA's Rice Cracker Business, although we implemented a rapid series of measures to cope with changes in the business environment, including changes in raw material formulations, on-site improvements, changes in product specifications, and price revisions, the higher-than-expected raw material prices and energy price hikes offset the effects of the increased profits. As a result, operating income of the Domestic Rice Cracker Business decreased year-on-year.

In the Overseas Business, despite the impact of the decline in revenue of Mary's Gone Crackers, Inc., the operating loss was reduced and is now on an improving trend. This was achieved due to the elimination of double operations following the completion of our reorganization of Thai subsidiaries and stable business operations at Singha Kameda (Thailand) Co., Ltd., and by making the highly profitable THIEN HA KAMEDA, JSC. a consolidated subsidiary.

In the Food Business, despite efforts to increase demand for long-life preserved foods and expand sales channels for plant origin lactic acid bacteria products, profits declined due to the acquisition of various seeds for future business growth, and a strengthening of our research and development functions.

As a result of these efforts, operating income decreased by 13.5% year-on-year to ¥4,863 million.

In addition, as a result of a decrease in equity in earnings of affiliates of TH FOODS, INC., an affiliate accounted for by the equity method, ordinary income decreased by 11.5% year-on-year to ¥6,099 million. As a result of recording a gain on step acquisitions in connection with making THIEN HA KAMEDA, JSC. a consolidated subsidiary, net income attributable to owners of the parent decreased by 6.9% year-on-year to ¥4,428 million.

Supplementary Information

In conjunction with the application of the Revenue Recognition Accounting Standard, figures prior to the application of the accounting standard are presented under the former standard, and figures after the application of the accounting standard are presented under the new standard.

(Unit: ¥ million)

	Year ended March 31, 2021		Year ended March 31, 2022		〔Reference〕 *4 YoY	
	Old standard	〔Reference〕 *4 New standard	〔Reference〕 Old standard	New standard	Change	Change (%)
Net sales	103,305	83,116	105,617	85,163	2,047	2.5
Domestic Rice Cracker Business	81,675	62,501	82,435	62,971	470	0.8
Overseas Business *1	8,503	7,597	10,107	9,183	1,585	20.9
Food Business *2	6,222	6,113	6,375	6,309	195	3.2
Other (Freights transport etc.) *3	6,903	6,903	6,699	6,699	(204)	(3.0)
Operating income	5,620	5,620	4,820	4,863	(757)	(13.5)
Operating income margin	5.4%	6.8%	4.6%	5.7%		
Domestic Rice Cracker Business	5,070	5,070	4,595	4,624	(446)	(8.8)
Overseas Business *1	(376)	(376)	(278)	(278)	97	—
Food Business *2	533	533	167	181	(351)	(65.9)
Other (Freights transport etc.) *3	391	391	335	335	(56)	(14.4)

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

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

*3. “Other” consists mainly of the subsidiary’s logistic business.

*4. In accordance with the application of the Revenue Recognition Accounting Standard, the Company analyzes and compares the amount under the assumption that the accounting standard has applied retroactively.

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

(Assets)

Current assets stood at ¥27,383 million at the end of the consolidated fiscal year under review, an increase of ¥1,806 million from the end of the previous fiscal year. This was mainly due to increases of ¥363 million in “Cash and deposits,” ¥1,302 million in “Notes, accounts receivable-trade and contract assets,” ¥201 million in “Raw materials and suppliers” and ¥272 million in “Other” which were partly offset by a ¥288 million decline in “Merchandise and finished goods.” Fixed assets stood at ¥75,572 million, an increase of ¥8,260 million from the end of the previous fiscal year. This was attributable to increases of ¥393 million in “Buildings and structures,” ¥3,450 million in “Construction in progress,” ¥1,689 million in “Goodwill,” ¥386 million in “Investment securities” and ¥2,448 million in “Net defined benefit assets.”

As a result, total assets stood at ¥102,955 million, an increase of ¥10,066 million from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities stood at ¥28,102 million at the end of the consolidated fiscal year under review, an increase of ¥5,456 million from the end of the previous fiscal year. This was mainly due to an increase of ¥5,219 million in “Short-term loans payable.” Fixed liabilities stood at ¥9,131 million, a decrease of ¥1,215 million from the end of the previous consolidated fiscal year. This was mainly due to increases of ¥122 million in “Lease obligations” and ¥602 million in “Deferred tax liabilities” which were partly offset by a ¥1,951 million decline in “Long-term loans payable.”

Consequently, total liabilities stood at ¥37,233 million, an increase of ¥4,240 million from the end of the previous consolidated fiscal year.

(Net assets)

Total net assets stood at ¥65,722 million at the end of the consolidated fiscal year under review, an increase of ¥5,826 million from the end of the previous fiscal year. This mainly reflected increases of ¥2,903 million in “Retained earnings” resulting from ¥4,428 million in “Net income attributable to owners of the parent,” ¥1,117 million in “Dividends from surplus” and a cumulative-effect adjustment of ¥407 million due to the application of “Accounting Standard for Revenue Recognition,” etc., ¥1,504 million in “Foreign currency translation adjustments,” ¥814 million in “Remeasurements of defined benefit plans” and ¥619 million in “Non-controlling interests.”

As a result, the equity ratio stood at 61.6%, down from 62.7% 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 ¥5,944 million, a year-on-year decrease of ¥560 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 ¥8,305 million (decrease of ¥365 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 ¥9,841 million (increase of ¥3,503 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 ¥1,198 million (increase of ¥1,455 million in income from the previous fiscal year).

This was mainly attributable to 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 negative balance of ¥1,535 million.

(Reference) Cash Flow Indicators

	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022
Equity ratio (%)	62.0	61.3	61.6	62.7	61.6
Equity ratio based on market value (%)	140.6	134.5	121.5	109.4	81.4
Interest bearing debt to cash flow (annual)	1.4	1.9	1.8	1.8	2.3
Interest coverage ratio (×)	71.8	56.2	59.8	91.6	191.4

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, amidst an ongoing search for ways to coexist with COVID-19, inflation is accelerating and remains at a high level worldwide, and there is a growing view that the normalization of monetary policy will proceed more quickly than expected. In addition, we recognize that there are concerns regarding soaring energy and raw material prices on a global scale, due to factors such as heightened geopolitical risks stemming from the situation in Ukraine.

Furthermore, in the Domestic Rice Cracker Business, we recognize the need to respond in an agile and flexible manner to demand fluctuations triggered by a fire at a plant of a company in the same business, and to ensure the sustainability of our business operations.

In this environment, the Group will work 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,” in order to realize its medium-term business plan. As for FY2022, we will not stop at single-year measures, but will position it as a year to connect to FY2023, the final fiscal year of the medium-term business plan, by embarking on structural issues based on changes in the environment. We will establish a robust management foundation that can respond to changes in the environment and take on the challenge of new growth, by creating new value products and new markets that realize “Better For You” from the customers’ perspective, which will lead to results.

- Domestic Rice Cracker Business: Expansion of market share and creation of new value and new markets
Establishment of a stable supply system through thorough improvement of efficiency and increased production capacity
- Overseas Business: Restoring profitability in the overseas business segment
Capturing global demand for rice crackers
- Food Business: Promotion of growth strategies to realize “Better For You” food products
Enhancement and reorganization of various production capacities

The Company projects the following consolidated forecasts for FY2022: net sales of ¥92,000 million (up 8.0% year-on-year); operating income of ¥5,000 million (up 2.8% year-on-year); ordinary income of ¥5,900 million (down 3.3% year-on-year); and, net income attributable to owners of the parent of ¥3,700 million (down 16.5% year-on-year).

The assumptions for exchange rates on which the earnings forecasts are based are: 1 USD = 121.0 JPY; 1 CNY = 19.0 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 and Major Notes

(1) Consolidated Balance Sheet

(¥ million)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	6,510	6,874
Notes and accounts receivable-trade	11,876	—
Notes, accounts receivable-trade and contact assets	—	13,179
Merchandise and finished goods	2,364	2,076
Work in process	807	766
Raw materials and supplies	3,113	3,314
Other	920	1,193
Allowance for doubtful accounts	(15)	(20)
Total current assets	25,577	27,383
Fixed assets		
Property, plant and equipment		
Buildings and structures	41,883	43,104
Accumulated depreciation	(25,788)	(26,615)
Buildings and structures, net	16,095	16,489
Machinery, equipment and vehicles	61,357	62,891
Accumulated depreciation	(43,933)	(45,416)
Machinery, equipment and vehicles, net	*2 17,424	*2 17,475
Land	7,199	7,269
Lease assets	2,913	3,320
Accumulated depreciation	(1,146)	(1,337)
Lease assets, net	1,767	1,983
Construction in progress	1,919	5,370
Other	4,000	4,081
Accumulated depreciation	(2,880)	(2,940)
Other, net	1,119	1,140
Total property, plant and equipment	45,525	49,728
Intangible assets		
Goodwill	844	2,534
Lease assets	26	17
Customer assets	722	661
Trademark assets	587	537
Technology assets	364	333
Other	1,003	1,092
Total intangible assets	3,547	5,175
Investments and other assets		
Investment securities	*1 12,545	*1 12,931
Deferred tax assets	1,040	571
Net defined benefit assets	3,574	6,022
Other	*2 1,122	*2 1,187
Allowance for doubtful accounts	(45)	(45)
Total investments and other assets	18,237	20,667
Total noncurrent assets	67,311	75,572
Total assets	92,888	102,955

(¥ million)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,668	3,853
Electronic-recording liabilities	2,499	2,460
Short-term loans payable	*2, *3 6,502	*2, *3 11,721
Lease obligations	312	376
Income taxes payable	1,062	326
Provision for bonuses	1,401	1,309
Provision for directors' bonuses	135	122
Provision for sales promotion expenses	833	—
Provision for loss on closing of plants	41	—
Asset retirement obligations	67	67
Other	6,121	7,864
Total current liabilities	22,646	28,102
Long-term liabilities		
Long-term loans payable	*2 7,953	6,001
Lease obligations	904	1,026
Deferred tax liabilities	606	1,209
Net defined benefit liabilities	531	520
Asset retirement obligations	262	271
Other	87	101
Total long-term liabilities	10,346	9,131
Total liabilities	32,992	37,233
Net assets		
Shareholders' equity		
Capital stock	1,946	1,946
Capital surplus	170	170
Retained earnings	55,514	58,417
Treasury stock	(1,900)	(1,901)
Total shareholders' equity	55,730	58,632
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	734	715
Deferred gains (losses) on hedges	—	4
Foreign currency translation adjustment	1,245	2,749
Remeasurements of defined benefit plans	507	1,321
Total accumulated other comprehensive income	2,487	4,791
Non-controlling interests	1,678	2,297
Total net assets	59,895	65,722
Total liabilities and net assets	92,888	102,955

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

(¥ million)

	Year ended March 31, 2021	Year ended March 31, 2022
Net sales	103,305	85,163
Cost of sales	58,670	61,286
Gross profit	44,634	23,876
Selling, general and administrative expenses	*1, *3 39,014	*1, *3 19,013
Operating income	5,620	4,863
Non-operating income		
Interest income	7	31
Dividend income	49	50
Share of profit of entities accounted for using equity method	926	706
Foreign exchange gains	58	380
Other	380	186
Total non-operating income	1,420	1,355
Non-operating expenses		
Interest expenses	86	52
Commitment fee	15	20
Depreciation of inactive fixed assets	8	20
Other	41	25
Total non-operating expenses	151	119
Ordinary income	6,889	6,099
Extraordinary income		
Gain on sales of noncurrent assets	*2 46	—
Gain on step acquisition	—	730
Total extraordinary income	46	730
Extraordinary losses		
Loss on disposal of noncurrent assets	*4 220	*4 202
Impairment loss	*5 385	*5 446
Total extraordinary losses	605	648
Income before income taxes	6,330	6,181
Income taxes-current	1,720	799
Income taxes-deferred	(84)	859
Total income taxes	1,635	1,658
Net income	4,694	4,522
Net income (loss) attributable to non-controlling	(62)	93
Net income attributable to owners of the parent	4,757	4,428

(Consolidated Comprehensive Income Statement)

(¥ million)

	Year ended March 31, 2021	Year ended March 31, 2022
Net income	4,694	4,522
Other comprehensive income		
Valuation difference on available-for-sale securities	116	(19)
Deferred gains (losses) on hedges	(4)	4
Foreign currency translation adjustment	(336)	566
Remeasurements of defined benefit plans	1,644	814
Share of other comprehensive income of associates accounted for using equity method	200	1,009
Other comprehensive income	*1 1,619	*1 2,376
Comprehensive income	6,314	6,898
(Breakdown)		
Comprehensive income attributable to owners of the parent	6,426	6,733
Comprehensive income attributable to non-controlling interests	(111)	165

(3) Consolidated Statement of Changes in Shareholders' Equity

Previous 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
Cumulative effect of the changes in accounting policies					
Opening balances reflected the changes in accounting policies	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 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
Cumulative effect of the changes in accounting policies							
Opening balances reflected the changes in accounting policies	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 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

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

(¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2021	1,946	170	55,514	(1,900)	55,730
Cumulative effect of the changes in accounting policies			(407)		(407)
Opening balances reflected the changes in accounting policies	1,946	170	55,106	(1,900)	55,322
Changes during the period					
Dividends from surplus			(1,117)		(1,117)
Net income attributable to owners of the parent			4,428		4,428
Purchase of treasury stock				(1)	(1)
Change in items other than shareholders' equity (net)					—
Total changes during the period	—	—	3,311	(1)	3,309
As of March 31, 2022	1,946	170	58,417	(1,901)	58,632

	Comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total comprehensive income		
As of April 1, 2021	734	—	1,245	507	2,487	1,678	59,895
Cumulative effect of the changes in accounting policies							(407)
Opening balances reflected the changes in accounting policies	734	—	1,245	507	2,487	1,678	59,488
Changes during the period							
Dividends from surplus							(1,117)
Net income attributable to owners of the parent							4,428
Purchase of treasury stock							(1)
Change in items other than shareholders' equity (net)	(19)	4	1,504	814	2,304	619	2,924
Total changes during the period	(19)	4	1,504	814	2,304	619	6,234
As of March 31, 2022	715	4	2,749	1,321	4,791	2,297	65,722

(4) Consolidated Cash Flow Statement

(¥ million)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from operating activities		
Income before income taxes	6,330	6,181
Depreciation and amortization	4,612	5,023
Impairment loss	385	446
Amortization of goodwill	74	130
Net gain (loss) on step acquisition	—	(730)
Increase (decrease) in bonus provisions	(3)	(109)
Increase (decrease) in provision for directors' bonuses	29	(13)
Increase (decrease) in provision for directors' retirement benefits	(53)	—
Increase (decrease) in provision for sales promotion expenses	(26)	—
Increase (decrease) in provision for loss on closing of plants	(114)	(41)
Increase (decrease) in net defined benefit liability	38	(10)
Decrease (increase) in net defined benefit asset	(672)	(1,278)
Interest and dividend income	(56)	(82)
Interest expenses	86	52
Equity in losses (earnings) of affiliates	(926)	(706)
Loss (gain) on sales of property, plant and equipment	(46)	—
Loss (gain) on disposal of noncurrent assets	220	202
Decrease (increase) in notes and accounts receivable-trade	828	(1,055)
Decrease (increase) in inventories	(302)	335
Increase (decrease) in notes and accounts payable-trade	(594)	6
Decrease (increase) in other assets	207	5
Increase (decrease) in other liabilities	(285)	268
Increase (decrease) in accrued consumption taxes	(143)	140
Other	(80)	156
Subtotal	9,506	8,923
Interest and dividend income received	684	1,203
Interest expenses paid	(94)	(43)
Income taxes paid	(1,425)	(1,778)
Net cash provided by operating activities	8,671	8,305

	(¥ million)	
	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from investing activities		
Decrease (increase) in time deposits	(0)	(38)
Decrease (increase) in long-term deposits	(12)	—
Purchase of property, plant and equipment	(5,778)	(8,168)
Proceeds from sales of property, plant and equipment	47	12
Payments for retirement of property, plant and equipment	(102)	(89)
Purchase of investment securities	(14)	(117)
Proceeds from sales of investment securities	68	2
Purchase of intangible assets and investments	(207)	(284)
Proceeds from sales of intangible assets and investments, etc.	8	20
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (346)	*2 (1,179)
Net cash used in investing activities	(6,337)	(9,841)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(536)	5,120
Proceeds from long-term loans payable	5,000	—
Repayment of long-term loans payable	(3,298)	(2,445)
Repayments of lease obligations	(324)	(359)
Purchase of treasury stock	(1)	(1)
Cash dividends paid	(1,096)	(1,116)
Net cash used in financing activities	(257)	1,198
Effect of exchange rate changes on cash and cash equivalents	(151)	(223)
Net increase (decrease) in cash and cash equivalents	1,924	(560)
Cash and cash equivalents, beginning of term	4,581	6,505
Cash and cash equivalents, end of term	*1 6,505	*1 5,944

(5) Notes to the Consolidated Financial Statements

(Notes to the Assumption of a Going Concern)

Not applicable.

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

1. Scope of consolidation

Number of consolidated subsidiaries: 18

Names of consolidated subsidiaries:

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

During the current consolidated fiscal year, THIEN HA KAMEDA, JSC., which was an equity method affiliated company, has been included in the scope of consolidation as a result of the additional acquisition of shares.

In addition, as a result of the acquisition of shares of TAINAI Co., Ltd., it has been included in the scope of consolidation.

2. Scope of the Use of Equity Accounting

Number of affiliates accounted for by the equity method: 2

Names of affiliated companies:

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

During the current consolidated fiscal year, THIEN HA KAMEDA, JSC. has been excluded from the scope of equity method since it has been included in the scope of consolidation through an additional share acquisition.

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

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

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

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

4. Accounting Standards and Methods

(1) Valuation

(i) Securities

Available-for-sale securities

Other than stocks that do not have fair market values

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

Stocks that do not have fair market values

Moving-average method

(ii) Inventories

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

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

(b) Supplies

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

(iii) Derivatives

Derivatives are stated using the mark-to-market method

(2) Depreciation and amortization of major depreciable assets

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

The straight-line method for depreciation is used.

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

Buildings and structures	3 to 60 years
--------------------------	---------------

Machinery, equipment and vehicles	4 to 20 years
-----------------------------------	---------------

Other (tools, furniture and fixtures)	3 to 15 years
---------------------------------------	---------------

(ii) Intangible fixed assets (excluding lease assets)

The straight-line method for depreciation is used.

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

Software	Period usable within the company (5 years)
----------	--

Customer assets	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 uncollectable. For specific receivables for which there is some concern regarding recoverability, an amount is recorded by investigating the recoverability for each individual amount.

(ii) Provision for bonuses

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

(iii) Provision for directors' bonuses

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

(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.

(4) Accounting treatment of retirement benefits

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

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

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

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

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

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

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

(5) Basis of material revenue and expenses

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

Sales of merchandise and finished goods

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

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

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

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

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

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

(7) Principal accounting methods for hedge transactions

(i) Hedge accounting methods

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

(ii) Hedge methods and hedge targets

Hedge method Forward exchange contracts

Hedge targets Scheduled transactions denominated in foreign currencies

(iii) Hedge policy

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

(iv) Methods for evaluating the effectiveness of hedges

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

(8) Amortization method and period for goodwill

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

(9) Scope of cash in consolidated cash flow statement

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

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

Not applicable.

(Changes in Accounting Policies)

(Application of “Accounting Standard for Revenue Recognition,” etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter, the “Revenue Recognition Accounting Standard”), etc. from the beginning of the first quarter of the current consolidated fiscal year and recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time when the control of the goods or services is transferred to customers. Major changes as a result of this application are as described below.

1. Variable Consideration and Consideration payable to a customer

The Company previously recorded sales promotion expenses, etc. under selling, general and administrative expenses. The Company has now changed to a method to subtract such expenses from net sales.

2. Agent Transactions

Regarding transactions involving certain products in the Food Business in which the Group acts as an agent in providing the products to customers, the Company previously recognized the gross amount of consideration to be received from customers as revenue. The Company has now changed to a method to recognize revenue at the net amount after deducting the amount to be paid to suppliers from the amount to be received from customers.

The application of the Revenue Recognition Accounting Standard, etc. is based on the transitional treatment provided for in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of the retroactive application of the new accounting policy, assuming that it has been applied to periods prior to the beginning of the current consolidated fiscal year, is added to or subtracted from retained earnings at the beginning of the current consolidated fiscal year, and the new accounting policy is applied from such beginning balance.

Furthermore, “Notes and accounts receivable-trade,” which was presented under “Current assets” in the consolidated balance sheet for the previous fiscal year, is included in “Notes and accounts receivable-trade, and contract assets” from the current consolidated fiscal year. “Provisions for sales promotion expenses,” which was presented under “Current liabilities” in the consolidated balance sheet for the previous fiscal year, is recognized as refund liabilities and included in “Other” under current liabilities. However, in accordance with the transitional treatment provided for in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the Company has not reclassified financial statements for the previous fiscal year based on the new presentation method.

As a result, for the fiscal year ended March 31, 2022, net sales decreased by ¥20,454 million, cost of sales decreased by ¥8 million, selling, general and administrative expenses decreased by ¥20,488 million, and operating income, ordinary income, and income before income taxes increased by ¥42 million, respectively. In addition, the beginning balance of retained earnings decreased by ¥407 million.

The effect on net assets per share, net income per share and diluted net income per share is immaterial.

(Application of “Accounting Standard for Fair Value Measurement,” etc.)

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and other standards in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), we have decided to apply the new accounting policies set forth by the “Accounting Standard for Fair Value Measurement” into the future.

These changes had no impact on the quarterly consolidated financial statements.

(Changes in the Method of Presentation)

(Consolidated Income Statement)

“Foreign exchange gains,” which was included in “Other” under “Non-operating income” in the previous consolidated fiscal year, are presented separately in the current consolidated fiscal year, since this amount exceeded 10% of total non-operating income. In addition, government subsidies for the employment adjustment, which were presented separately as “Government subsidies for the employment adjustment” 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 “Government subsidies for the employment adjustment” accounted for less than 10% of total non-operating income. The consolidated financial statements for the previous consolidated fiscal year have been reclassified in order to reflect this change in presentation.

As a result, the ¥162 million stated as “Government subsidies for the employment adjustment” and the ¥275 million stated as “Other” under “Non-operating income” in the consolidated income statement for the previous consolidated fiscal year were reclassified for statement as “Foreign exchange gain” of ¥58 million and “Other” of ¥380 million.

“Government subsidies for the employment adjustment” included in “Other” under “Non-operating income” for the current consolidated fiscal year amounted to ¥18 million.

Furthermore, “Depreciation of inactive fixed assets,” 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 ¥49 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 “Depreciation of inactive fixed assets” of ¥8 million and “Other” of ¥41 million.

(Consolidated Balance Sheet)

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

(¥ million)

	Previous consolidated fiscal year (ended March 31, 2021)	Current consolidated fiscal year (ended March 31, 2022)
Investment securities (stocks)	10,367	10,668

*2 Assets provided as collateral and collateralized loans

Assets provided as collateral are as shown below.

(¥ million)

	Previous consolidated fiscal year (ended March 31, 2021)	Current consolidated fiscal year (ended March 31, 2022)
Machinery, equipment and vehicles (net)	1,936	1,964
Other under Investments and other assets (Long-term deposits)	426	473
Total	2,363	2,438

Collateralized loans are as shown below.

(¥ million)

	Previous consolidated fiscal year (ended March 31, 2021)	Current consolidated fiscal year (ended March 31, 2022)
Short-term loans payable	319	115
Long-term loans payable	103	—
Total	422	115

*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, 2021)	Current consolidated fiscal year (ended March 31, 2022)
Commitment amount	12,500	12,500
Loan balance	3,876	9,029
Difference	8,623	3,470

(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, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
Sales promotion expenses	20,025	666
Provision for sales promotion expenses	839	—
Salaries and allowances	4,761	4,638
Provisions for bonuses	458	416
Provision for directors' bonuses	132	121
Retirement benefit expenses	55	(7)
Storage and shipping expenses	5,013	5,279

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

(¥ million)

	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
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, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
	1,139	1,056

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

(¥ million)

	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
Loss on sale of noncurrent assets		
Buildings and structures	—	0
Machinery, equipment and vehicles	2	—
Land	—	0
Other property, plant and equipment	0	0
Loss on retirement of noncurrent assets		
Buildings and structures	63	63
Machinery, equipment and vehicles	135	126
Lease assets	2	—
Other property, plant and equipment	8	6
Other intangible assets	5	3
Other investments and other assets	1	1
Total	220	202

*5 Impairment losses

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

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

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.

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

Use	Type	Location
Idle assets	Buildings and structures Machinery, equipment and vehicles Other property, plant and equipment, etc.	Agano-shi, Niigata and others

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

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

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

(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, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
Valuation difference on available-for-sale securities:		
In current fiscal year	192	(27)
Reclassification adjustment amount	(24)	(0)
Before tax effect adjustment	167	(27)
Tax effect	(50)	7
Valuation difference on available-for-sale securities	116	(19)
Deferred gains (losses) on hedges:		
In current fiscal year	(7)	5
Tax effect	2	(1)
Deferred gains (losses) on hedges	(4)	4
Foreign currency translation adjustment:		
In current fiscal year	(336)	566
Adjustment for retirement benefits:		
In current fiscal year	2,207	1,279
Reclassification adjustment amount	155	(109)
Before tax effect adjustment	2,362	1,170
Tax effect	(718)	(355)
Adjustment for retirement benefits	1,644	814
Share of other comprehensive income of associates accounted for using equity method:		
In current fiscal year	200	999
Reclassification adjustment amount	—	10
Share of other comprehensive income of associates accounted for using equity method	200	1,009
Other comprehensive income	1,619	2,376

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

Previous 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

(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 16, 2021	Common stock	801	Retained earnings	38	March 31, 2021	June 17, 2021

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

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

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

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

2. Dividends

(1) Amount of dividends paid

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

(2) Dividends for which the record date is in the current consolidated fiscal year and the effective date of the dividend is in the next consolidated fiscal year
The following is to be approved.

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

(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, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
Cash and deposits	6,510 ¥million	6,874 ¥million
Fixed term deposits exceeding 3 months	(4)	(929)
Cash and cash equivalents	6,505	5,944

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

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

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

	(¥ million)
Current assets	1,107
Fixed assets	222
Goodwill*	1,502
Current liabilities	(298)
Long-term liabilities	(104)
Foreign currency translation adjustment	(2)
Non-controlling interests	(453)
Acquisition price of shares in these companies	1,972
	(291)
	(730)
Cash and cash equivalents of these companies	(19)
Deductions: payment for (income from) acquisition of subsidiaries due to change in scope of consolidation:	931

*The figures are provisional calculation since the allotment of the acquisition cost is not yet complete.

(Business Combinations)

Business combination by acquisition

(THIEN HA KAMEDA, JSC.)

1. Overview of business combination

(i) Name of acquired enterprise and its business activities

Name of acquired enterprise THIEN HA KAMEDA, JSC.

Business activities Manufacturing and selling rice crackers

(ii) Main reasons for business combination

Vietnam has high potential as a production base due to a massive domestic market backed by a population of nearly 100 million, and its capability to secure abundant labor and quality rice as raw materials, as well as robust competitiveness in exporting due to participation in FTAs with many countries, including the TPP. The Company expects expanded business performance due to further synergy effects, toward an acceleration of the overseas expansion of the Kameda Seika Group, going forward.

(iii) Date of business combination

October 12, 2021 (date of share acquisition)

September 30, 2021 (regarded as acquisition date)

(iv) Legal form of business combination

Acquisition of shares in exchange for cash

(v) Name of acquired company after the acquisition

No change

(vi) Share of voting rights acquired

Ownership ratio held immediately before the business combination 30.0%

Ownership ratio additionally acquired on the date of the business combination 21.0%

Ownership ratio after the acquisition 51.0%

(vii) Main reasons leading to decision of acquiring enterprise

This was decided because the Company acquired 51.0% of the total number of voting rights of THIEN HA KAMEDA, JSC. through the acquisition of shares in exchange for cash.

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

From October 1, 2021 to March 31, 2022

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

(¥ Million)

Market value of common stock of THIEN HA KAMEDA, JSC. 1,021

held immediately before the business combination

Cash used for additional acquisition 951

Acquisition cost 1,972

4. The amount of main acquisition-related cost

Advisory expenses, etc ¥37 million

5. Difference between the acquisition cost of the acquired company and the total amount of acquisition cost for each transaction leading to the acquisition

Gains on step acquisition ¥730 million

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

(i) Amount of goodwill that occurred

¥1,502 million

As the allotment of the acquisition cost is not yet complete, this is a provisional calculation.

(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

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

Current assets ¥1,107 million

Fixed assets ¥222 million

Total assets ¥1,330 million

Current liabilities ¥298 million

Long-term liabilities ¥104 million

Total liabilities ¥403 million

8. Allotment of the acquisition cost

For the current consolidated fiscal year, the specification of identifiable assets and liabilities on the business combination date had not been completed, and the allocation of acquisition cost has not been confirmed. Therefore, the Company has provisionally accounted for the business combination based on information that was reasonably available at that time.

9. 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	¥806 million
Operating income	¥106 million
Ordinary income	¥122 million
Income before income taxes	¥118 million
Net income attributable to owners of parent	¥20 million
Net income per share	¥0.97

(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.

(TAINAI Co., Ltd.)

1. Overview of business combination

(i) Name of acquired enterprise and its business activities

Name of acquired enterprise TAINAI Co., Ltd.

Business activities Manufacturing and selling rice bread crumbs and rice flour bread

(ii) Main reasons for business combination

The Kameda Seika Group has also been engaged in the manufacture and sales of 28 allergen-free rice flour bread in its Food Business. The Company expects synergy effects through the consolidation of production bases, improved production efficiency, and utilization of the Group's sales channels.

(iii) Date of business combination

July 1, 2021 (date of share acquisition)

September 30, 2021 (regarded as acquisition date)

(iv) Legal form of business combination

Acquisition of shares in exchange for cash

(v) Name of acquired company after the acquisition

No change

(vi) Share of voting rights acquired

100.0%

(vii) Main reasons leading to decision of acquiring enterprise

Because the Company acquired a 100.0% voting rights in TAINAI Co., Ltd. through an acquisition of shares in the exchange for cash.

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

From October 1, 2021 to March 31, 2022

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

In accordance with the provisions of the share transfer agreement, the Company is obligated to maintain confidentiality and will not disclose this information.

4. The amount of main acquisition-related cost

Advisory expenses, etc ¥49 million

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

(i) Amount of goodwill that occurred

¥186 million

(ii) Reason for its occurrence

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

(iii) Amortization and method and period

Amortized in equal amounts over a 14-year period

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

Current assets	¥91 million
Fixed assets	¥534 million
Total assets	¥634 million
Current liabilities	¥165 million
Long-term liabilities	¥350 million
Total liabilities	¥516 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	¥115 million
Operating income	- ¥36 million
Ordinary income	- ¥37 million
Income before income taxes	- ¥37 million
Net income attributable to owners of parent	- ¥37 million
Net income per share	- ¥1.77

(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, 28-allergen-free rice flour bread and plant origin lactic acid bacteria.

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

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

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

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

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

Previous consolidated fiscal year (from April 1, 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. The amount of segment assets has been omitted since the Company has not allocated the assets to the reportable segment.

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

(¥ million)

	Reportable segment				Others (Note) 1	Total	Adjustments (Note) 2	The amount stated in quarterly consolidated income statement (Note) 3
	Domestic Rice Cracker	Overseas	Food	Total				
Net sales								
Revenue from contracts with customers	62,971	9,183	6,309	78,464	6,699	85,163	—	85,163
Other income	—	—	—	—	—	—	—	—
Net sales to outside customers	62,971	9,183	6,309	78,464	6,699	85,163	—	85,163
Internal sales or transfers between segments	5	1,318	43	1,367	5,686	7,053	(7,053)	—
Total	62,977	10,501	6,353	79,831	12,385	92,216	(7,053)	85,163
Segment income (loss)	4,624	(278)	181	4,527	319	4,847	16	4,863
Other items								
Depreciation and amortization	3,534	692	436	4,662	361	5,023	—	5,023
Amortization of goodwill	—	59	70	130	—	130	—	130

- (Note)
1. “Other” refers to business segments not included in the reportable segments, which includes logistic business etc.
 2. ¥16 million of adjustment of segment income (loss) is ¥16 million of elimination of intersegment transactions.
 3. Segment income (loss) is adjusted with operating income reported on quarterly consolidated income statement.
 4. The amount of segment assets has been omitted since the Company has not allocated the assets to the reportable segment.

4. Notes relating to changes in reportable segments etc.

As described in “Changes in Accounting Policies,” the Company has applied the Revenue Recognition Accounting Standard, etc. from the beginning of the first quarter of the current consolidated fiscal year and changed the accounting method for revenue recognition. Accordingly, the Company has similarly changed the method to measure segment income (loss).

As a result of this change, in comparison with the previous method, net sales and segment income in the “Domestic Rice Cracker Business” decreased by ¥19,464 million and ¥28 million, respectively, net sales in the “Overseas Business” decreased by ¥924 million, and net sales and segment income in the “Food Business” decreased by ¥66 million and increased ¥14 million, respectively.

(Per Share Information)

	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
Net assets per share	¥ 2,761.24	¥ 3,008.21
Net income per share	¥ 225.62	¥ 210.05

(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, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
Net income attributable to owners of the parent(¥ million)	4,757	4,428
Amount not attributable to common shareholders (¥ million)	—	—
Net income attributable to owners of the parent associated with shares of common stock (¥ million)	4,757	4,428
Average number of shares during the fiscal year (thousand shares)	21,084	21,083

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

	Previous consolidated fiscal year (ended March 31, 2021)	Current consolidated fiscal year (ended March 31, 2022)
Total net assets (¥ million)	59,895	65,722
Amounts deducted from total net assets (¥ million)	1,678	2,297
(of which non-controlling interests) (¥ million)	(1,678)	(2,297)
Net assets at end of fiscal year associated with shares of common stock (¥ million)	58,217	63,424
Number of common shares at the end of the fiscal year used in the calculation of net assets per share (thousand shares)	21,083	21,083

(Material Subsequent Events)

Not applicable.

4. Others

Changes in Officers

For changes in officers, please refer the “Notice Regarding the Changes in Representative Directors and Officers,” announced on April 22, 2022.