August 5, 2022

Consolidated Financial Results (Japanese Accounting Standards) for the Three Months Ended June 30, 2022 (Q1 FY2022) (English Translation)

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Stock code: 2220
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Scheduled date for filing of securities report: August 10, 2022
Scheduled date of commencement of dividend payment: -
Supplementary documents for quarterly results: Available
Quarterly results briefing: None

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (April 1 - June 30, 2022)

(1) Consolidated Results of Operations (Accumulated Total)

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Three Months ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
June 30, 2022	23,287	17.9	1,248	102.9	2,029	184.8	1,367	239.8
June 30, 2021	19,756	—	615	-31.1	712	-32.3	402	-41.4

(Note) Comprehensive income: ¥ 2,986 million (251.4%) for the three months ended June 30, 2022
¥ 850 million (32.0%) for the three months ended June 30, 2021

	Net income Per share (basic)	Net income Per share (diluted)
Three Months ended	¥	¥
June 30, 2022	64.87	—
June 30, 2021	19.09	—

(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 previous consolidated fiscal year. The figures for the three months ended June 30, 2021 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 Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of June 30, 2022	108,094	68,161	60.5	3,101.36
As of March 31, 2022	103,421	66,046	61.3	3,007.78

(Reference) Shareholder's equity: As of June 30, 2022: ¥ 65,388 million
As of March 31, 2022: ¥ 63,414 million

(Note) During the first quarter of the current consolidated fiscal year, the Company confirmed the provisional accounting treatment related to business combinations. The figures for the fiscal year ended March 31, 2022 reflect the confirmed content of the provisional accounting treatment.

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	¥	¥	¥	¥	¥
Year ended March 31, 2022	—	15.00	—	39.00	54.00
Year ending March 31, 2023	—				
Year ending March 31, 2023 (forecasts)		15.00	—	40.00	55.00

(Note) Revisions to dividend forecasts published most recently: Not applicable

3. Consolidated Forecasts 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	45,000	13.5	1,600	26.6	2,600	66.7	1,700	-1.4	80.63
Year ending March 31, 2023	92,000	8.0	5,000	3.5	5,900	-2.8	3,700	-16.3	175.49

(Note) 1. Revisions to financial forecasts published most recently: Yes

2. During the first quarter of the current consolidated fiscal year, the Company confirmed the provisional accounting treatment related to business combinations. Operating income, ordinary income, and net income attributable to owners of the parent for the previous consolidated fiscal year were ¥4,832 million, ¥6,068 million, and ¥4,419 million, respectively, reflecting the confirmed content of the provisional accounting treatment. Accordingly, year-on-year percentage changes are also calculated based on figures after reflecting the confirmed content.

* Notes

(1) Changes of important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): Not applicable

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: Not applicable

(3) 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): Not applicable
(iii) Changes in accounting estimates: Not applicable
(iv) Restatement: Not applicable

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to the Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" on page 9 of the Appendix.

(4) Number of shares outstanding (common stock):

(i) Number of shares outstanding at end of period (including treasury stock)
As of June 30, 2022: 22,318,650 shares
As of March 31, 2022: 22,318,650 shares

(ii) Number of treasury stock at end of period
As of June 30, 2022: 1,234,981 shares
As of March 31, 2022: 1,234,971 shares

(iii) Average number of shares outstanding during the term
Three Months ended June 30, 2022: 21,083,675 shares
Three Months ended June 30, 2021: 21,083,955 shares

* This quarterly financial results report is not subject to quarterly review procedures by certified public accountants or the audit corporation.

* Explanations and other special notes concerning the appropriate use of performance forecasts

(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 materially from the forecast depending on a range of factors. See “1. Qualitative Consolidated Financial Results Data for the Period under Review (3) Explanation of Future Estimates, Including Consolidated Forecasts” on page 4 of the Appendix for the conditions assumed in consolidated forecasts and notes on the use of consolidated forecasts.

(How to obtain supplementary materials on financial results)

Download from the Company’s website, available from Wednesday, August 10, 2022.

Contents of Appendix

1. Qualitative Consolidated Financial Results Data for the Period under Review

(1) Explanation of Consolidated Operating Results

During the three months ended June 30, 2022, the Japanese economy showed signs of a recovery as behavioral restrictions in response to COVID-19 eased. However, the outlook became increasingly uncertain due to soaring raw material prices and energy costs triggered by the crisis in Ukraine and the continuing depreciation of the yen.

As for the food industry, these changes in the environment have forced the industry into difficult maneuvering, with increasing downside factors for revenue and a spillover to issues of procurement costs and lead times for manufacturing facilities.

Under these 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 enable 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 ensuring our efforts to achieve sustainable growth and enhance our corporate value.

In FY2022, we are working to establish a robust management foundation that can flexibly and agilely respond to changes through prompt responses to environmental changes and efforts to resolve structural issues. We aim to achieve sustainable Group growth by creating demand through new value products that realize "Better For You" from the customers' perspective.

In the Domestic Rice Cracker Business, which aims to be overwhelming number one in the industry, demand for alternatives remained high following the suspension of operations of a company in the same business due to a fire at its plant. In order to prevent customers from leaving the rice cracker market due to product supply shortages, we have placed the highest priority on product supply and concentrated on production of our core products to maximize supply, including postponing the launch of some new products and suspending some campaigns. During this period, we also narrowed down products from the perspective of building a robust portfolio. In terms of sales, we are working to improve the efficiency of sales activities by concentrating management resources on growth channels, etc., and promoting digitalization such as SFA and MotionBoard.

As a result of these initiatives, net sales of our core brands, "KAMEDA Kaki-no-Tane," "Happy Turn," "Tsumami Dane," "KAMEDA Magari Senbei," "Potapota Yaki," "Usuyaki," "Waza-no-KodaWari," "Soft Salad," "Teshioya," and "Nori Pea Pack" were up year-on-year. Meanwhile, "Mugen Ebi" and "Kotsubukko" were down year-on-year due to the impact of the price hike implemented in October last year.

In the Overseas Business, which aims to restore profitability in the segment, Mary's Gone Crackers, Inc. in North America achieved a significant increase in revenue by expanding its product lineup; Singha Kameda (Thailand) Co., Ltd. in Thailand secured an increase in revenue due to the expansion of cross-border transactions and the commencement of domestic sales; and THIEN HA KAMEDA, JSC. in Vietnam, which became a consolidated subsidiary in the third quarter of the previous year, contributed to the increase of net sales. As a result, net sales 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 especially among individuals through online sales due to the impact of frequent earthquakes and other disasters. In addition, inquiries for rice flour bread, which is 28-allergenfree and is produced by TAINAI Co., Ltd., have increased further in response to soaring prices of imported wheat, and we are working to increase production capacity, including the relocation and consolidation of our production functions, in order to meet this demand. We are also working to expand our business in plant origin lactic acid bacteria by differentiating ourselves from other companies. As a result, net sales increased year-on-year.

As a result of the above, net sales on a consolidated basis totaled ¥23,287 million (up 17.9% year-on-year).

In terms of operating income, there was a significant temporary increase as the effect of productivity improvement in the KAMEDA SEIKA's Rice Cracker Business, including increased production and product narrowing in response to demand for alternatives following the suspension of operations of a company in the same business due to a fire at its plant, exceeded the initial increase in various raw material prices and energy costs. In addition, subsidiaries that deal with products for department stores and sell souvenirs, which were severely affected by COVID-19, are now out of loss incurred in the same period of the previous year and secured profitability, due to the market recovery resulting from the easing of behavioral restrictions. As a result, operating income of the Domestic Rice Cracker Business increased significantly year-on-year.

In the Overseas Business, Group companies are reviewing procurement and improving production efficiency in response to soaring raw material prices and transportation costs. Although Mary's Gone Crackers, Inc. reported a decrease in profits due to the impact of increased costs associated with the introduction of new products, operating income remained at the same level as the previous year, due to stable business operations at Singha Kameda (Thailand) Co., Ltd. and by making THIEN HA KAMEDA, JSC. a consolidated subsidiary.

In the Food Business, profits increased due to a broad increase in demand for long-life preserved foods, including retail distribution and corporate stockpiling, in addition to online sales to individuals.

Based on these efforts, operating income on a consolidated basis increased by 102.9% year-on-year to ¥1,248 million.

In addition, as a result of an increase in equity in earnings of affiliates of TH FOODS, INC., an affiliate accounted for by the equity method, as well as temporary foreign exchange gains resulting from the depreciation of the yen, ordinary income increased by 184.8% year-on-year to ¥2,029 million, and net income attributable to owners of the parent increased by 239.8% year-on-year to ¥1,367 million.

Supplementary Information (Unit: ¥ million)

	Three Months ended June 30, 2021	Three Months ended June 30, 2022	YoY	
			Change (amount)	Change (%)
Net sales	19,756	23,287	3,530	17.9
Domestic Rice Cracker Business	15,167	17,002	1,835	12.1
Overseas Business *1	1,826	3,204	1,377	75.4
Food Business *2	1,115	1,491	375	33.7
Other (Freights transport etc.) *3	1,646	1,588	-57	-3.5
Operating income	615	1,248	633	102.9
Operating income margin	3.1%	5.4%		
Domestic Rice Cracker Business	835	1,323	488	58.5
Overseas Business *1	-200	-201	-1	—
Food Business *2	-129	30	159	—
Other (Freights transport etc.) *3	109	96	-13	-12.3

*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.

(2) Explanation of Consolidated Financial Position

(Assets)

Current assets stood at ¥28,319 million at the end of the first quarter, an increase of ¥935 million from the end of the previous fiscal year. This was mainly due to increases of ¥708 million in “Cash and deposits,” ¥350 million in “Merchandise and finished goods,” and ¥528 million in “Other,” which were partly offset by a ¥865 million decline in “Notes, accounts receivable-trade and contract assets.” Fixed assets stood at ¥79,775 million, an increase of ¥3,737 million from the end of the previous fiscal year. This was mainly attributable to increases of ¥2,225 million in “Other, net” under the property, plant and equipment and ¥831 million in “Investment securities.”

As a result, total assets stood at ¥108,094 million, an increase of ¥4,672 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities stood at ¥29,758 million at the end of the first quarter, an increase of ¥1,656 million from the end of the previous fiscal year. This was mainly due to increases of ¥664 million in “Electronic-recording liabilities,” ¥496 million in “Income taxes payable,” and ¥817 million in “Provision for bonuses,” which were partly offset by a ¥552 million decline in “Short-term loans payable.” Long-term liabilities stood at ¥10,174 million, an increase of ¥901 million from the end of the previous fiscal year. This was mainly due to an increase of ¥1,272 million in “Other” which were partly offset by a ¥382 million decline in “Long-term loans payable.”

As a result, total liabilities stood at ¥39,933 million, an increase of ¥2,558 million from the end of the previous fiscal year.

(Net assets)

Total net assets stood at ¥68,161 million at the end of the first quarter, an increase of ¥2,114 million from the end of the previous fiscal year. This mainly reflected increases of ¥545 million in “Retained earnings” resulting from ¥1,367 million in “Net income attributable to owners of the parent” and ¥822 million in “Dividends from surplus,” ¥1,517 million in “Foreign currency translation adjustment,” and ¥141 million in “Non-controlling interests.”

As a result, the equity ratio was 60.5%, down from 61.3% at the end of the previous fiscal year.

(3) Explanation of Future Estimates, including Consolidated Forecasts

The consolidated forecasts for the six months ending September 30, 2022 of the fiscal year ending March 31, 2023 have been revised as follows, in accordance with the results for the three months ended June 30, 2022 and future prospects.

From the second quarter onward, demand for alternatives is expected to gradually decline as the company in the same business resumes operations. The business environment is becoming increasingly difficult due to a drop in domestic rice cracker demand since June, which was marked by a record-breaking heat wave, and trends in raw material prices and energy costs, which continue to soar.

Operating income is expected to exceed the previous forecast due to the overall upturn in the first quarter. Ordinary income and net income attributable to owners of the parent are also expected to exceed the previous forecast, partly due to additional factors such as foreign exchange gains resulting from the sharp depreciation of the yen.

The consolidated forecasts for the fiscal year ending March 31, 2023 remain unchanged from those announced on May 9, 2022, as we intend to expand sales and take measures to control costs in light of the aforementioned severity of the situation.

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
	¥ million	¥ million	¥ million	¥ million	¥
Previous forecast (A)	44,000	1,400	1,900	1,200	56.92
Revised forecast (B)	45,000	1,600	2,600	1,700	80.63
Change (B-A)	1,000	200	700	500	—
Change (%)	2.3	14.3	36.8	41.7	—
(Reference) Results for the six months ended September 31,2021	39,650	1,263	1,559	1,724	81.80

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(¥ million)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	6,874	7,582
Notes, accounts receivable-trade and contract assets	13,179	12,314
Merchandise and finished goods	2,076	2,427
Work in process	766	855
Raw materials and supplies	3,314	3,440
Other	1,193	1,721
Allowance for doubtful accounts	-20	-22
Total current assets	27,383	28,319
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	16,489	16,795
Machinery, equipment and vehicles, net	17,475	17,357
Other, net	15,763	17,988
Total property, plant and equipment	49,728	52,141
Intangible assets		
Goodwill	2,177	2,279
Customer assets	961	966
Trademark assets	861	870
Technology assets	534	540
Other	1,109	1,175
Total intangible assets	5,645	5,832
Investments and other assets		
Investment securities	12,931	13,762
Other	7,777	8,082
Allowance for doubtful accounts	-45	-43
Total investments and other assets	20,664	21,802
Total fixed assets	76,038	79,775
Total assets	103,421	108,094

(¥ million)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,853	4,075
Electronic-recording liabilities	2,460	3,124
Short-term loans payable	11,721	11,169
Income taxes payable	326	822
Provision for bonuses	1,309	2,126
Other provisions	122	19
Asset retirement obligations	67	68
Other	8,240	8,352
Total current liabilities	28,102	29,758
Long-term liabilities		
Long-term loans payable	6,001	5,618
Net defined benefit liability	520	530
Asset retirement obligations	271	273
Other	2,478	3,750
Total long-term liabilities	9,272	10,174
Total liabilities	37,375	39,933
Net assets		
Shareholders' equity		
Capital stock	1,946	1,946
Capital surplus	170	170
Retained earnings	58,408	58,954
Treasury stock	-1,901	-1,901
Total shareholders' equity	58,623	59,169
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	715	654
Deferred gains (losses) on hedges	4	13
Foreign currency translation adjustment	2,749	4,267
Remeasurements of defined benefit plans	1,321	1,283
Total accumulated other comprehensive income	4,791	6,218
Non-controlling interests	2,631	2,773
Total net assets	66,046	68,161
Total liabilities and net assets	103,421	108,094

(2) Quarterly Consolidated Statement of income and Comprehensive Income

(Quarterly Consolidated Income Statement)

(Cumulative First Quarter)

(¥ million)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	19,756	23,287
Cost of sales	14,458	16,835
Gross profit	5,297	6,451
Selling, general and administrative expenses	4,682	5,202
Operating income	615	1,248
Non-operating income		
Interest income	1	17
Dividend income	24	24
Equity in earnings of affiliates	61	169
Foreign exchange gains	—	556
Other	69	29
Total non-operating income	156	797
Non-operating expenses		
Interest expenses	18	8
Foreign exchange losses	28	—
Other	12	7
Total non-operating expenses	59	16
Ordinary income	712	2,029
Extraordinary losses		
Loss on disposal of noncurrent assets	51	22
Total extraordinary losses	51	22
Income before income taxes	661	2,006
Income taxes-current	110	846
Income taxes-deferred	163	-240
Total income taxes	273	605
Quarterly net income	387	1,401
Net income (loss) attributable to non-controlling interests	-14	33
Net income attributable to owners of the parent	402	1,367

(Quarterly Consolidated Comprehensive Income Statement)

(Cumulative First Quarter)

(¥ million)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Quarterly net income	387	1,401
Other comprehensive income		
Valuation difference on available-for-sale securities	-26	-60
Deferred gains (losses) on hedges	—	9
Foreign currency translation adjustment	523	431
Adjustment for retirement benefits	-17	-38
Share of other comprehensive income of associates accounted for using equity method	-17	1,244
Other comprehensive income	462	1,585
Comprehensive income	850	2,986
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	778	2,795
Quarterly comprehensive income attributable to non-controlling interests	71	191

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes to the Assumption of a Going Concern)

Not applicable.

(Notes Concerning Significant Changes in the Amount of Shareholder Equity)

Not applicable.

(Changes in Accounting Policies)

(Application of Financial Accounting Standards Board Accounting Standards Codification (ASC) 842, Leases)

The Company's foreign affiliates accounted for under U.S. GAAP have applied ASC 842, Leases from the beginning of the first quarter of the current consolidated fiscal year. Accordingly, all leases under lease transactions as a lessee are recorded as assets and liabilities on the balance sheet, in principle. In applying ASC 842, the cumulative effect of applying the accounting standard is recognized at the date of initial application, in accordance with permitted transitional measures.

As a result of the application of the accounting standard, "Other, net" under the property, plant and equipment, "Other" under current liabilities, and "Other" under long-term liabilities increased by ¥1,631 million, ¥214 million, and ¥1,417 million, respectively, in the quarterly consolidated balance sheet as of June 30, 2022.

The effect on the quarterly consolidated income statement for the three months ended June 30, 2022 is immaterial.

(Segment Information, etc.)

I Three months ended June 30, 2021(April 1, 2021 – June 30, 2021)

1. Information regarding the amount of net sales, income and loss by reportable segment

(¥ million)

	Reportable segment				Other (Note) 1	Total	Adjustment (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	15,167	1,826	1,115	18,109	1,646	19,756	—	19,756
Other income	—	—	—	—	—	—	—	—
Net sales to outside customers	15,167	1,826	1,115	18,109	1,646	19,756	—	19,756
Internal sales or transfers between segments	1	313	5	320	1,409	1,730	-1,730	—
Total	15,168	2,140	1,121	18,430	3,056	21,486	-1,730	19,756
Segment income (loss)	835	-200	-129	505	105	611	3	615

(Note) 1. "Other" includes Freights transport etc.

2. ¥3 million of adjustment of segment income (loss) is ¥3 million of elimination of intersegment transactions.

3. Segment income (loss) is adjusted with operating income reported on quarterly consolidated income statement.

2. Information on goodwill and impairment loss on noncurrent assets for each reportable segment

(Material Impairment loss on Fixed Assets)

Not applicable.

(Material Change in the Amount of Goodwill)

Not applicable.

(Material profit from negative goodwill)

Not applicable.

Ⅱ Three months ended June 30, 2022(April 1, 2022 – June 30, 2022)

1. Information regarding the amount of net sales, gain and loss by reportable segment

(¥ million)

	Reportable segment				Other (Note) 1	Total	Adjustment (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	17,002	3,204	1,491	21,698	1,588	23,287	—	23,287
Other income	—	—	—	—	—	—	—	—
Net sales to outside customers	17,002	3,204	1,491	21,698	1,588	23,287	—	23,287
Internal sales or transfers between segments	2	359	11	373	1,495	1,868	-1,868	—
Total	17,005	3,563	1,502	22,071	3,084	25,155	-1,868	23,287
Segment income (loss)	1,323	-201	30	1,152	86	1,238	10	1,248

(Note) 1. “Other” includes Freights transport etc.

2. ¥10 million of adjustment of segment income (loss) is ¥10 million of elimination of intersegment transactions.

3. Segment income (loss) is adjusted with operating income reported on quarterly consolidated income statement.

2. Information on goodwill and impairment loss on noncurrent assets for each reportable segment

(Material Impairment loss on Fixed Assets)

Not applicable.

(Material Change in the Amount of Goodwill)

The Company provisionally accounted for the business combination of THIEN HA KAMEDA, JSC., which was conducted on October 12, 2021, for the previous consolidated fiscal year. The provisional accounting treatment was confirmed in the first quarter of the current consolidated fiscal year. Accordingly, the amount of goodwill in the “Overseas Business” segment decreased.

For details, please refer to “Notes (Business Combinations, etc.).

(Material profit from negative goodwill)

Not applicable.

(Additional Information)

(Accounting Estimates in Relation to the Impact of the Spread of COVID-19)

For the first consolidated quarter under review, no new additional information has arisen and there have been no significant changes to the information contained in the previous fiscal year's securities report.

(Business Combinations, etc.)

(Significant revision of the initial amount of allocation of acquisition cost in the comparative information)

The Company provisionally accounted for the business combination of THIEN HA KAMEDA, JSC., which was conducted on October 12, 2021, for the previous consolidated fiscal year. The provisional accounting treatment was confirmed in the first quarter of the current consolidated fiscal year.

In conjunction with the confirmation of the provisional accounting treatment, a significant revision of the initial amount of allocation of acquisition cost has been reflected in the comparative information included in the quarterly consolidated financial statements for the three months ended June 30, 2022. As the identification of identifiable assets and liabilities and the calculation of fair value as of the date of the business combination were completed, a portion of the amount recorded as goodwill has been reclassified.

As a result, the ¥1,502 million in goodwill, which was provisionally calculated, has decreased by ¥335 million to ¥1,166 million due to the confirmation of the amount of allocation of acquisition cost.

Furthermore, “Goodwill,” “Other” under investments and other assets, “Retained earnings,” and “Foreign currency translation adjustment” at the end of the previous fiscal year decreased by ¥356 million, ¥3 million, ¥8 million, and ¥0 million, respectively, while “Customer assets,” “Trademark assets,” “Technology assets,” “Long-term liabilities,” and “Non-controlling interests” increased by ¥300 million, ¥324 million, ¥201 million, ¥141 million, and ¥333 million, respectively.

These changes had no impact on the quarterly consolidated statements of the first quarter of the previous consolidated fiscal year.

(Material subsequent events)

Not applicable.