TSE code:2229

Financial Book 2024

Fiscal year ended March 31, 2024

Contents

11-Year Summary

Millions of yen, round down — Thousands of U.S.dollars (Note1)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2024 US$
For the Year: (Note6)												
Net sales	303,027	279,315	245,419	266,745	255,938	248,655	251,575	252,420	246,129	222,150	199,941	2,001,371
Operating profit	27,304	22,233	25,135	27,064	27,664	26,964	26,828	28,841	28,125	24,183	19,717	180,337
Operating margin (%)	9.0	8.0	10.2	10.1	10.8	10.8	10.7	11.4	11.4	10.9	9.9	—
Net income attributable to owners of parent	19,886	14,772	18,053	17,682	17,539	19,429	17,330	18,605	16,799	14,114	12,086	131,339
Net income margin (%)	6.6	5.3	7.4	6.6	6.9	7.8	6.9	7.4	6.8	6.4	6.0	—
ROE (%)	10.9	8.5	10.3	10.4	11.1	13.2	13.0	14.9	14.6	13.7	13.1	—
Research and development costs	3,910	3,681	3,319	2,706	2,745	2,660	2,469	2,168	2,195	2,052	2,161	25,824
Capital expenditures	31,187	26,716	13,515	11,341	9,004	9,945	11,009	9,763	21,229	15,290	6,392	205,978
Depreciation and amortization	10,594	10,047	9,189	9,051	8,449	8,023	7,845	7,297	7,570	6,232	5,960	69,970
Per Share(¥/$):												
Net income attributable to owners of parent	159.22	115.16	136.25	132.30	131.22	145.39	129.72	139.24	125.88	105.82	91.46	1.05
Net assets	1,535.49	1,393.74	1,358.25	1,312.24	1,221.19	1,151.71	1,043.37	958.60	905.20	821.97	729.93	10.14
Cash dividends	56.00	52.00	52.00	50.00	50.00	48.00	42.00	42.00	35.00	28.00	22.00	0.36
Dividend payout ratio (%)	35.2	45.2	38.2	37.8	38.1	33.0	32.4	30.2	27.8	26.5	24.1	—
At Year-End:												
Total assets (Note2)	292,158	239,095	236,598	238,978	214,967	202,750	192,034	181,945	174,837	161,917	140,909	1,929,586
Net assets	201,086	182,686	183,458	182,740	169,632	160,490	146,667	135,056	131,469	118,800	104,466	1,328,091
Working capital (Note2,3)	73,377	53,307	72,912	80,892	83,066	77,815	68,950	58,214	54,832	52,672	47,458	484,628
Interest-bearing debt (Note4)	27,042	1,855	2,005	6,604	1,363	1,274	1,511	1,596	555	563	186	178,601
Equity ratio (%) (Note5)	65.6	72.8	74.1	73.4	75.9	75.9	72.6	70.4	69.2	67.7	69.1	—
Debt to equity ratio (Times)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	—
Number of consolidated subsidiaries	21	24	23	24	24	26	27	27	24	22	22	—
Number of employees	4,939	4,839	4,398	4,311	4,053	3,763	3,798	3,860	3,728	3,477	3,341	—
Cash Flows:												
Cash flows from operating activities	24,350	19,310	22,327	30,450	40,449	27,620	9,358	25,958	22,541	22,266	23,478	160,826
Cash flows from investing activities	(35,307)	(20,329)	3,643	(32,069)	(13,462)	(28,347)	(6,258)	(13,404)	(14,270)	(9,422)	(17,041)	(233,193)
Cash flows from financing activities	16,850	(20,004)	(25,168)	(7,635)	(6,278)	(6,227)	(5,450)	(14,711)	(2,859)	(2,878)	(383)	111,288
Cash and cash equivalents at end of year	37,718	30,292	49,670	47,282	55,742	35,425	42,195	44,627	47,323	42,572	31,592	249,118

Note
1. U.S. dollar amounts are presented, for convenience only, at a conversion rate of ¥151.41= US$1, the approximate Tokyo foreign exchange market rate as of March 31, 2024.
2. Upon application of “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018 (hereinafter, “Statement No. 28”)) from the beginning of the fiscal year ended March 31, 2019, the figures for the consolidated financial position are those after the said standards, are applied retroactively.
3. Working capital comprises current assets less current liabilities.
4. Interest-bearing debt includes long-and short-term debt, leasing obligations and other interest bearing debt.
5. Shareholders’ equity as presented above consists of total net sets exclusive of subscription rights and non-controlling interests.
6. The Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) from the beginning of the fiscal year ended March 31, 2022. Major consolidated management indicators, etc. for this fiscal year are indicators, etc. after applying such accounting standards.

Management's Discussion and Analysis

Operating results

(1) Overview of business performance

(All comparisons are with the same period of the previous fiscal year, unless stated otherwise.)

During the fiscal year under review, while the outlook for the world economy remained uncertain due to the prolonged Russia-Ukraine conflict, geopolitical risks such as issues in the Middle East, and the economic downturn in China, there were also positive signs, including the steady growth of the US economy. In Japan's economy, although costs remained high due to the continued depreciation of the yen, economic normalization has progressed due to the downgrading of COVID-19 and the Bank of Japan's having transitioned away from its negative interest rate policy at the beginning of 2024.

Under this business environment, and in response to soaring raw material costs, Calbee Group continued to implement price and content revisions in Japan from last year. Based on the Vision for 2030 and Growth Strategy we announced in February 2023, we advanced business structure reform towards the next stage of our growth with results exceeding guidance. Overseas, while responding to the effects of global inflation, mainly in Europe and the US, and weakening business confidence in China, we worked to expand our business in other regions.

In the domestic business, after implementing price and content revisions we strove to effect an early sales recovery, and worked to increase profits by raising sales volume through continuous marketing activities and by capturing travel demand. We also made steady progress in increasing production capacity by expanding production lines for mainstay products and in the construction of the new Setouchi Hiroshima Factory, which is scheduled to begin operation in the fiscal year ending March 2025.

In the overseas business, while responding to changes in the business environment in North America and Greater China we worked to expand business in other regions. In North America, while improving the profitability of our contract manufacturing business, we strengthened the sales structure of mainstay brand Harvest Snaps and brands of Japanese origin and expanded sales to major local retailers. In Greater China, in response to growing consumer frugality and a decline in sales due to the tightening of customs regulations on mainstay snacks related to an issue with treated water, we have begun pursuing local production through manufacturing outsourcing and import substitution from surrounding regional bases. In other regions, we expanded our business by launching new products and increasing production capacity, primarily in the UK and Indonesia.

As part of our sustainability management efforts, we promoted the calculation of GHG emissions at overseas group companies through a project structure, while simultaneously confirming the current situation regarding water, palm oil, paper, and plastic. In Japan, in line with the roadmap established last year in the Ministry of the Environment's Model Project for Supporting Achievement of the Decarbonization Targets of the Entire Supply Chains, we went beyond just our own reductions to identify emissions from potatoes (a project supported by the Ministry of Agriculture, Forestry and Fisheries), a Scope 3 Category 1 raw material, conduct interviews with contracted farmers, etc. Regarding other raw materials, we have strengthened cooperation as we determine the current situation through supplier assessments. Based on the reaffirmed materialities of biodiversity and human rights issues, we are preparing to disclose TNFD information in the fall of 2025. We have also developed a group environmental policy and human rights policy, signed the United Nations Global Compact, and expanded our commitments globally.

Consolidated net sales for the fiscal year under review were ¥303,027 million (up 8.5%). In the domestic business, sales rose on steady capture of demand in addition to the effect of price and content revisions, the resolution of marketing constraints from the potato shortage in the first half of the previous year, increasing demand for gift products due to a recovery in people flows, marketing to strengthen the brand, and marketing activities and added production capacity. In the overseas business, sales increased as slumps in North America and Greater China were offset by sales in other regions including the UK and Indonesia.

Operating profit was ¥27,304 million (up 22.8%), and operating margin was 9.0%, an increase of 1.1 percentage points. In the domestic business, although raw material prices continued to rise throughout the year, this was offset by price and content revisions, and profit increased on sales volume growth. In addition, the overseas business achieved record high profits. Ordinary profit was ¥31,155 million (up 32.8%) due to the recording of foreign exchange gains on the depreciation of the yen in non-operating income, and profit attributable to owners of parent was ¥19,886 million (up 34.6%).

Results by business are as follows.

Millions of yen, rounded down

	FY ended March 31, 2023	FY ended March 31, 2024	
	Amount	Amount	Amount
Domestic production and sale of snack and other foods business	207,116	229,887	＋11.0
Domestic snack foods	194,031	214,642	＋10.6
Domestic cereals	24,210	26,194	＋8.2
Domestic, others	13,729	15,565	＋13.4
Deduction of rebates, etc.	(24,854)	(26,515)	－
Overseas production and sale of snack and other foods business	72,198	73,140	＋1.3
Total, production and sale of snack and other foods business	279,315	303,027	＋8.5

* Sales of “Domestic snack foods”, “Domestic cereals” and “Domestic, others” are before deduction of rebates, etc.

Production and sale of snack and other foods business

Sales in the production and sale of snack and other foods business increased on growth in both the domestic and overseas businesses.

Domestic production and sale of snack and other foods business

・Domestic snack foods:

Domestic snack foods sales increased.

Sales by product are as follows.

Millions of yen, rounded down

	FY ended March 31, 2023	FY ended March 31, 2024	
	Amount	Amount	Growth (%)
Potato Chips	90,932	98,274	＋8.1
Jagarico	39,990	45,353	＋13.4
Snack food products with new value / other snacks	63,108	71,014	＋12.5
Total, domestic snack foods	194,031	214,642	＋10.6

* Net sales by product are before deduction of rebates, etc.

** The category “Snack food products with new value / other snacks” was renamed "Other snacks" from the current period.

- Sales of *Potato Chips* increased, driven mainly by sales of regular items such as *Usu-Shio-Aji* and *Kataage Potato*. This was due to a stable supply of raw materials from large potato harvests, continuous marketing, and successful related sales activities.
- Sales of *JagaRico* increased as demand remained strong for regular products due to a recovery in people flows and increased production capacity. The launch of new product *The Skinny JagaRico Salad* also contributed.
- Sales of other snacks increased due to significant growth in gift snack items (*Jaga Pokkuru,* etc.) related to an increase in tourists in Japan. There were also positive impacts from steady sales of flour-based and corn/bean-based snacks and higher sales of *Kappa Ebisen* on the 60th anniversary of its launch.

・Domestic cereals:

Sales of domestic cereals were ¥26,194 million (up 8.2%) due to the success of sales promotion activities such as an increased volume campaign and a project product named Furugra Black Thunder Flavor from the second half of the fiscal year, driving increased demand.

・Domestic, others:

Sales in other domestic businesses were ¥15,565 million (up 13.4%), on strong sales in the wholesale sweet potato business.

Overseas production and sale of snack and other foods business
Sales increased in the overseas production and sale of snack and other foods business.

Sales by region are as follows.

Millions of yen, rounded down

	FY ended March 31, 2023	FY ended March 31, 2024		
	Amount	Amount	Growth (%)	Growth on local currency basis (%)
North America	22,228	23,473	＋5.6	(1.3)
Greater China	23,405	18,568	(20.7)	(23.3)
Other regions	36,227	40,411	＋11.6	＋4.3
Deduction of rebates, etc.	(9,662)	(9,313)	―	―
Total, overseas production and sale of snack and other foods business	72,198	73,140	＋1.3	(4.7)

* Greater China: China and Hong Kong
** Other regions: United Kingdom, Indonesia, South Korea, Thailand, Singapore and Australia
*** Net sales by region are before deduction of rebates, etc.

・In North America, while sales of bean-based snack *Harvest Snaps* and brands of Japanese origin such as *Kappa Ebisen* and *JagaRico* grew due to expanded distribution, overall sales decreased on a local currency basis due to a decline in snack foods contract manufacturing sales.
・In Greater China, sales decreased amid sluggish sales to retail stores and via e-commerce channels due to deteriorating business confidence and tightened customs regulations.
・In Other regions, sales increased due to factors such as business expansion in the UK and Indonesia, throughout the fiscal year. In the UK, sales rose on expanded distribution of Seabrook brand products and the launch of new products, and in Indonesia, sales rose due to increased production capacity for dough snacks and higher sales overall.

(2) Financial Indices
The status of indices useful for evaluating the progress of our group's management policies and strategies is as follows.

	FY ended March 31, 2024 results	FY ended March 31, 2024 (initial plan)
Net sales	¥303.0bn	¥293.0bn
Operating profit	¥27.3bn	¥24.0bn
Domestic operating margin	10.4%	9.8%
Overseas sales	¥73.1bn	¥80.0bn

Financial Position

Total assets as of March 31, 2024 increased by ¥53,063 million to ¥292,158 million, mainly due to increases in property, plant and equipment as well as accounts receivable-trade. The main reasons for the increase in property, plant and equipment were the construction of the new Setouchi Hiroshima Factory and new *JagaRico* manufacturing facilities. The increase in accounts receivable-trade was due to delayed collection until the following month as the last day of March was a bank holiday.

Liabilities increased by ¥34,663 million to ¥91,072 million on an increase in long-term borrowings.

Net assets increased by ¥18,399 million to ¥201,086 million due to an increase in retained earnings.

As a result, the shareholders’ equity ratio was 65.6%, down 7.2 percentage points.

Cash Flows

Cash and cash equivalents as of March 31, 2024 were ¥37,718 million, an increase of ¥7,426 million.

(1) Cash Flows from Operating Activities

Operating activities resulted in a net cash inflow of ¥24,350 million, an increase of ¥5,039 million. This was mainly due to an increase in profit before income taxes.

(2) Cash Flows from Investing Activities

Investing activities resulted in a net cash outflow of ¥35,307 million, an increase of ¥14,977 million, mainly due to a decrease in proceeds from the redemption of securities and an increase in expenditures for the purchase of property, plant and equipment.

(3) Cash Flows from Financing Activities

Financing activities resulted in a net cash inflow of ¥16,850 million, an increase of ¥36,855 million, mainly due to a net increase in long-term borrowings and a decrease in expenditures for the acquisition of treasury stock.

(4) Information Regarding Capital Resources and Shareholders' equity Liquidity

Developments in capital requirements

Calbee Group’s capital requirements for operating activities include expenditures for costs related to manufacturing, such as raw materials, labor and production expenses, and for sales activities, such as selling, labor, distribution, etc. Expenditures for investing activities are primarily for capital investment and growth investment and expenditures for financing activities are primarily for capital requirements related to the payment of dividends by the parent company.

In response to these capital requirements, we plan to allocate cash flows from operating activities, cash on hand, and borrowings.

Details of capital requirements

Growth investment: Capital investment for growing domestic and overseas business, investment in new areas, M&A for strengthening overseas bases, etc.
Efficiency investment: Support for ESG, capital investment in areas including automation/labor-saving, to raise productivity
Shareholder returns: Aim for total return ratio over 50% and DOE 4% on a consolidated basis

The status of cash outlays as of the end of the fiscal year under review is as follows.

Millions of yen, rounded down

	FY ended March 31, 2024	3-year plan	Progress (%)
Growth investment	10,779	80,000	13.5
Efficiency investment	22,118	60,000	36.9
Shareholder returns	6,504	25,000	26.0
Total	39,402	165,000	23.9

- Fund-raising methods

In principle, Calbee Group raises funds by using borrowings from financial institutions in addition to cash provided by operating activities. We and our domestic consolidated subsidiaries have introduced a cash management system (CMS) to centrally manage funds within the Group, thereby centrally managing surplus funds, securing liquidity and improving funding efficiency. In addition, Calbee has entered into overdraft agreements with several financial institutions with the aim of further supplementing our liquidity, and we recognize that we have sufficient liquidity to fund our business operations.

Capital Expenditures

For the year ended March 31, 2024, capital expenditures for tangible and intangible assets totaled ¥31,187 million. Of this total, ¥27,402 million went to domestic operations and ¥3,784 million went to overseas operations. Capital expenditures in the domestic business are mainly the construction of a new plant in Hiroshima which is aimed at achieving superior environmental performance, increased productivity, and improved work environment. Capital expenditures in the oversea business are mainly the acquisition of machinery and equipment to strengthen the production system in the U.K.

Critical Accounting Policies and Estimates

The accompanying consolidated financial statements have been prepared on the basis of accounting principles generally accepted in Japan.
The preparation of these consolidated financial statements requires management to make fiscal estimates. Although management makes reasonable judgments regarding these estimates by comprehensively considering historical experience and current conditions, actual results may differ from these estimates due to uncertainties inherent in the estimates.
In addition, the significant accounting policies adopted in the preparation of these consolidated financial statements are described in "Notes to Consolidated Financial Statements; 3. Significant accounting estimates". We believe that the following significant accounting policies have a significant impact on the judgments and estimates in the preparation of the consolidated financial statements.

(1) Impairment of Fixed Assets

When indicators of impairment are identified due to a continuous loss in earnings from operations or a significant decline in market prices, our Group assesses the recognition of impairment losses by considering future business plans and other factors, and recognizes impairment losses to recoverable amounts as necessary.
If the business plan is revised due to future deterioration in market conditions or other factors, the Company may record an impairment loss.
The main intangible assets of our Group are goodwill resulting from the acquisition of Calbee Kaitsuka Sweet Potato,Inc. The accounting estimates for this are described in "Notes to Consolidated Financial Statements; 3. Significant accounting estimates".

(2) Inventory valuation

Our Group uses the cost method of inventory valuation (the book value of inventories written down to reflect any declines in profitability). If the net selling price at the end of the fiscal year has declined from the acquisition cost, the net selling price at the end of the fiscal year is presented as the balance sheet value.
Inventories that have become excessive or slow due to changes in demand may be written down to be valued at an appropriate value.

Research and Development Costs

Calbee Group's corporate philosophy is "We are committed to harnessing nature's gifts, to bringing taste and fun, and to contributing to healthy life styles". Under this corporate philosophy, we are engaged in research and development activities to provide unique and valuable products by maximizing the nutritional and delicious qualities of natural ingredients.

Our R&D Division conducts everything from basic research and product and technology development to product commercialization at a pilot plant attached to our research facility.

In the field of basic research, we conduct intermediate breeding development in the Potato Genetic Resource Development Course, which was established in collaboration with Obihiro University of Agriculture and Veterinary Medicine. In order to prevent declines in crop yields and quality caused by the abnormal weather in recent years, we conducted research on the changes in processing characteristics of potatoes that occur during drought stress, and presented our findings at the Japan Society for Bioscience, Biotechnology, and Agricultural Chemistry in March 2024. We are also conducting research into the active ingredients in potatoes and cereal ingredients. In our potato research, we have confirmed that ingesting "potato ceramide" can be beneficial for the skin and have had our findings published. Potato ceramide is extracted from potato peels, an unused resource. In April 2024, we developed *PoteCera*, a potato ceramide supplement. In cereal research, we have confirmed the nutritional benefits of adding *Frugra* to children's breakfast, the changes in intestinal flora caused by consuming *Frugra*, and the anti-inflammatory effects of the fat-soluble components in oats, and have published these findings in a paper. We are currently conducting research that will contribute to building evidence to support *Body Granola*.

In product development, we are expanding our lineup of snack and cereal products and implementing new product development based on our growth strategy to expand and revitalize the market in response to changes in domestic and overseas consumers and diverse tastes. As part of our efforts to reduce food waste, we have developed and released products such as *PotatoKempi*, which uses non-standard byproducts of the *Jagabee* manufacturing process, and *Kuradashi Satsuma*, which uses non-standard sized sweet potatoes that would normally be discarded. The Awashima Hitorikko Project, which aims for a sustainable future as well as using species native to Awashima, Niigata Prefecture, as the raw material (soybeans) for *Miino,* was selected as an example of good practices for public-private partnerships in Japan's Cabinet Office's Regional Revitalization SDGs initiative. For *Frugra*, the expiration date (for most products) has been changed from a 7-month year-month-day display to an 8-month year-month display, thus extending the expiration date. Additionally, we continue to develop new products overseas, such as the *Frugra Kale & Fruits* hot cereal, which we have developed and launched in mainland China.

In the field of technology development, we are providing added value through new raw materials and exploring new processing technologies. *Fruits Snack Frutz* is made using the neo oven method (non-frying) which preserves the natural color and flavor of the ingredients, making it easy to enjoy the taste of fruit. Using the same manufacturing process, we have also launched *Vege-Fru Ring*, a product aimed at children.

We are developing packaging materials and technologies with the goal of using environmentally friendly materials for 50% of packaging containers by 2030 and 100% by 2050. *Potato Chips*, whose packaging uses paper-based film that consumes roughly half the amount of plastic compared to conventional products, won the Appropriate Packaging Award at the Japan Packaging Contest 2024, sponsored by the Japan Packaging Technology Association. Our packaging technology has been highly praised, including winning the World Star Award in the food category at World Star 2024, an international packaging competition that brings together outstanding works from around the world.

We also conduct research and development activities in the field of food and health, with a focus on solving consumers' problems. In collaboration with Metagen, Inc. and Cykinso, Inc. we launched the *Body Granola* personalized food program in April 2023, which provides granola made from ingredients suited to individual customers' intestinal environment.

The total amount of research and development expenses for this consolidated fiscal year was 3,910 million yen.

Business Risks

Business risks associated with the execution of the Calbee Group's strategies, businesses and other activities are described below. Risks are major factors that management recognize as having the potential to significantly impact investor decisions. In addition, the risks described below are not exhaustive of all the risks of the Calbee Group, and there are other risks that may have an impact on the decisions of investors.
The following details and forward-looking statements are based on our judgment as of the end of the fiscal year ended March 31, 2024.

We have built a compliance and risk management system based on our “Basic policy on the development of an internal control system”. The Ethics and Risk Management Committee examines and decides solutions, and manages status. If the possibility of risk arises or grows, we establish an emergency response committee as needed to reduce risk. However, if risk manifests, it may have an impact on our operating results or financial position.

1. Product Safety Risk

Providing safe and reliable products is our most important social responsibility, and we continue to work tirelessly to build relationships of trust with customers. In the unexpected event that an issue occurs with the potential to threaten the health of customers, we give top priority to the safety of customers and respond promptly. To avoid product risk, Calbee Group reviews the design of standards and audits the raw materials procurement and production processes. In addition, we have built a quality assurance system that involves conducting quality inspections to determine whether products are meeting standards. We also have achieved traceability throughout the supply chain from procurement of raw materials through production, logistics, product distribution, retail stores, and customers. We strive to improve supply chain management in the entire supply chain through listening to our customers' voices and analyzing details to reduce issues they report.
However, in the event that quality problems arise and there is doubt about the safety of a product, we may have to recall or discontinue its sale, which could result in loss of customer confidence and have an impact on our operating results and financial position.

2. Product Development

Under the "Next Calbee & Beyond" Vision for 2030, Calbee Group conducts research and development activities to provide both domestic and overseas customers with unique, value-added products that maximize the nutritional content and flavor of natural ingredients as product development to drive our growth. Meanwhile, there are considerable changes occurring in the business environment owing to diversifying customer tastes, growing health awareness, environmental issues, etc. For our business expansion, we need to respond quickly to these changes in the market and develop high value-added and health-conscious products. We conduct research and development activities in the areas of new product development, existing brand improvements, quality improvement, cost reduction and basic research in accordance with annual plans.
However, if we are unable to respond appropriately to the needs of our customers and business partners and develop products in a timely manner, this could have an impact on our operating results and financial position.

3. Raw Materials and Packaging Materials Procurement Risk

(1) Potato Procurement Risk (unseasonable weather and decreasing number of potato farmers)

Our main products are potato-based snacks made primarily from raw potatoes, such as *Potato Chips* and *JagaRico*. To ensure stable supply of domestic potato in terms of quality, quantity, and price, we have built a procurement system through contract cultivation and decentralization of production areas. In anticipation of a decrease in domestic potato farmers, we also provide farmers with support for cultivation, harvesting and labor saving. Although in principle, it is not permitted to import raw potatoes under the Plant Protection Law in Japan, we have developed factory facilities that are capable of handling imported raw potatoes in preparation for a potential shortage of domestic potatoes.
However, depending on the crop conditions, we may not be able to secure sufficient quantities of potatoes, which may result in losing sales opportunities and costs arising from urgent procurement. This could have an impact on our operating results and financial position.

(2) Potato Procurement Risk (potato cyst nematodes)

Potato cyst nematodes are a species of nematodes in the soil and are designated as important pests under the Plant Protection Law. It is prohibited to produce seed potatoes in the field where they occur. To prevent the spread of potato cyst nematodes, we need to switch to a more resistant variety of potatoes. We have established a project to reform the potato variety mix, raising the percentage of nematode-resistant varieties to 50% by 2025 and to 100% by 2030 while achieving quality that satisfies customers.
However, there are risks: that we cannot develop new varieties that meet quality conditions including crop season, acrylamide and color of products in a timely manner, that the new varieties will not spread throughout the production area, and that potato cyst nematodes expand at a greater-than-expected rate. If

these risks materialize and the conversion to nematodes-resistant varieties is delayed, we may not be able to procure seed potatoes. This could result in decreases in potato crop yields and worsened quality of potato-based products, which could have an impact on our operating results and financial position.

(3) Other Raw Materials and Packaging Materials Risk

With regard to imported raw materials from overseas and packaging materials used in Calbee Group products, we are working to stabilize procurement by diversifying and decentralizing our suppliers and strengthening appropriate inventories, considering all procurement risks such as natural disasters, geopolitics and other factors.

However, further increases in raw material and packaging material prices beyond expectations or changes in import destinations and import routes could have an impact on our operating results and financial position.

4. Stagnation in Domestic Product Supply Risk

As represented by the ‘2024 Issue’ in the transportation and logistics industry, there are concerns about a shortage of transportation vehicles caused by a decline in the working population due to the lower birthrate and aging population, an increase the number of deliveries with the expansion of e-commerce, and the long working hours unique to the logistics industry. In order to stably secure transport and delivery vehicles, Calbee Group is promoting "White logistics activities," including reducing drivers’ waiting times via automation and AI, reducing the frequency of deliveries, consolidating delivery destinations, promoting pallet transportation, etc. Through this, we aim to be the logistics client of choice for drivers.

However, there is no assurance we can secure transport vehicles at appropriate costs in the future, and this may result in stagnation in our product supply or higher delivery costs, which could have an impact on our operating results and financial position.

5. Information Security Risk

In the event that a malicious attacker enters a computer system or network and an information security incident occurs, we have established an incident response system centered on CSIRT (Computer Security Incident Response Team). To prevent the loss, misuse, and falsification of confidential information, we have implemented appropriate security measures for information management including information systems.

However, in the event of cyberterrorism, computer virus infection, loss of information or falsification of data, leakage of personal information and company confidential information due to unauthorized access, power outage, disaster, or defects in software and equipment, the shutdown or temporary disruption of information systems could have an impact on our operating results, financial position and social credibility.

6. Securing Global Human Resources Risk

As the foundation that supports our business, Calbee Group is strengthening investment in human resources from a medium- to long-term perspective and promoting corporate reform that can achieve sustainable profit growth. In particular, to support the expansion of overseas business, one of the key policies of our "Change 2025" growth strategy, we are rapidly introducing "Global Talent Management," a new system for recruitment, placement, training and evaluation.

However, if we are unable to hire sufficient global human resources due to changes in the employment situation, or if there are delays in developing global human resources, it could have an impact on our operating results and financial position.

7. Compliance Risk

Calbee Group is subject to a range of legal regulations, including Japan’s Food Sanitation Act, Act Against Unjustifiable Premiums and Misleading Representations, Measurement Act, Unfair Competition Prevention Act, Plant Protection Act, and Consumer Safety Act. In addition, our group companies overseas are subject to the laws and regulations of each country in which we operate. Based on Calbee Group's fundamental policy, we have established a “Calbee Group Code of Conduct” on social values, ethics, laws and social responsibilities. We have also formulated “Calbee Group Guidelines of Conduct” to define material actions. Through educational activities such as rank-specific training in Japan and each country where we operate, we strive to ensure compliance with ethics, social norms, laws and internal rules and to reduce the likelihood of violations of laws and social norms.

However, violations of laws and social regulations due to revisions or unexpected enactment may result in sanctions or cancellation of legal authorization, lawsuits or a loss of trust from customers and other stakeholders. Any of these could have an impact on our operating results and financial position.

8. Intellectual Property Rights Risk

Calbee Group has established a specialized department to thoroughly protect and manage various intellectual property rights, and we also make every effort not to infringe on rights held by third parties.

However, if our intellectual property rights were improperly used by third parties, or if we were pursued by third parties for infringement of intellectual property rights, it could have an impact on our operating results and financial position

9. Changes in the Political and Economic Conditions of Overseas Businesses Risk

Calbee Group operates in multiple countries and regions. We avoid risk by considering and implementing measures in advance to deal with possible conflict, decoupling, pandemic, and other geopolitical risk in the countries and regions in which we have established operations.
However, in the event of supply difficulty because these risks were greater or more prolonged than expected, this could have an impact on our operating results and financial position.

10. Climate Change Risk

Following the adoption of the Paris Agreement at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) and its ratification, efforts to reduce greenhouse gases causing climate change and global warming are advancing on a global scale. Our medium-term target is to reduce greenhouse gas emissions by 30% by 2030 compared to the fiscal year ended March 31, 2019 level. Furthermore, we are aiming for net zero emissions in 2050 (covering Scope1* and 2**). To achieve this target, we are working to improve energy conservation and utilize renewable energy.
In February 2020, we endorsed the recommendations of the Climate-related Financial Disclosure Task Force (TCFD) established by the Financial Stability Board and analyzed climate change scenarios. The results of the analysis showed that direct damage to factories and raw material producing areas due to severe disasters, changes in consumer behavior due to heightened environmental awareness, and a decrease in potato yields due to insufficient hours of sunlight were significant. In response, we will strive to reduce greenhouse gas emissions, convert potato varieties, develop new varieties, and diversify production areas. In addition, we believe that responding to ethical consumption and product development using sustainable raw materials will create opportunities (we provide detailed disclosures based on the TCFD framework via our Group Integrated Report, etc.).
However, depending on the progress of efforts to reduce greenhouse gas emissions, the introduction of a carbon tax could impact our business activities. Furthermore, consumers' purchasing behavior may change, the quality of potatoes may deteriorate, and damage to manufacturing facilities, suspension of operations and supply chain disruption caused by typhoons and heavy rains may increase. Any of these cases could have an impact on our operating results and financial position.

*Scope1 refers to direct emissions of CO_2 from the use of fuel in the company (factories, offices, vehicles, etc.).
**Scope2 refers to indirect emissions of CO_2 from the use of electricity, heat, and steam purchased by the company.

11. Natural Disaster or Pandemic Risk

Calbee Group has diversified its production bases and suppliers of raw materials in order to reduce the risk of natural disasters such as large earthquakes, windstorms and floods. We have also promoted an all-hazard BCP (Business Continuity Plan) in response to the recent supply chain disruption caused by the expansion of COVID-19 in the event of a multiple disaster. By strengthening our BCP, we are working to secure a resilient business structure, including the early resumption of supply of priority products.
However, if supply chain disruptions caused by disasters are prolonged and we are unable to supply products to our business partners, if extended restoration of machinery, equipment or facilities or significant costs are incurred, or if further increases in raw material prices or difficulties in securing raw materials are greater than anticipated, it could have an impact on our operating results and financial position.

12. Relationships with major shareholders

As of March 31, 2024, PepsiCo, Inc. (hereinafter "PepsiCo") held 21.41% (after dilution) of Calbee shares through FRITO-LAY GLOBAL INVESTMENTS B V. (hereinafter "FLGI"), a PepsiCo's 100% subsidiary, and Calbee is an equity-method affiliate of PepsiCo. FLGI, which directly owns the shares of Calbee, is a wholly owned PepsiCo subsidiary, and as such PepsiCo effectively makes all decisions regarding the exercise of common share voting rights. PepsiCo is one of the world’s largest food and beverage makers and is listed on the US NASDAQ stock market. In addition, PepsiCo operates globally in the same snack food field as Calbee via group companies, primarily its subsidiary Frito-Lay North America, Inc. On June 24, 2009, Calbee and PepsiCo concluded a strategic alliance agreement, based on the understanding that combining management capabilities to generate synergies was necessary to deliver sustained growth for both companies. In order to reinforce the partnership with PepsiCo, Calbee allocated new shares to PepsiCo’s wholly owned subsidiary FLGI via a private placement and, at the same time, acquired all the shares of PepsiCo’s subsidiary Japan Frito-Lay Ltd. Under the strategic partnership, PepsiCo has agreed not to operate a snack food business in the Japanese market and therefore does not compete with Calbee in Japan. In addition, because no restrictions are placed on overseas business development, Calbee believes there are no limits on its management decisions or business development under the agreement. Calbee intends to maintain this strategic partnership and work toward boosting corporate value.

However, in the future it may no longer be possible to generate synergies from the partnership in the event that PepsiCo makes changes to its management policy and business strategy. Furthermore, the PepsiCo Group could become a competitor in the Japanese market in the event that the partnership is dissolved. In addition, PepsiCo's shareholding ratio in Calbee may change in the future due to changes in PepsiCo's or Calbee's management policies or business strategies, changes in the business environment, or other factors.

Consolidated Balance Sheets

Calbee, Inc. and Consolidated Subsidiaries
Consolidated Balance Sheets
March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Assets			
Current assets:			
Cash and deposits (Notes 7 and 15)	¥44,295	¥32,167	$ 292,555
Notes receivable – trade (Note 7)	922	715	6,089
Accounts receivable (Note 7)	53,196	36,405	351,337
Inventories (Note 9)	22,208	23,352	146,674
Others	7,309	6,439	48,275
Allowance for doubtful accounts	(78)	(110)	(515)
Total current assets	127,853	98,970	844,417
Non-current assets:			
Property, plant and equipment:			
Land	16,265	16,330	107,423
Buildings and structures	86,754	80,247	572,979
Machinery, equipment and vehicles	131,794	120,702	870,449
Lease assets	980	849	6,478
Construction in progress	29,851	16,796	197,154
Others	7,020	6,392	46,368
	272,667	241,318	1,800,855
Accumulated depreciation	(149,009)	(139,784)	(984,147)
Property, plant and equipment, net	123,657	101,533	816,707
Investments and other assets:			
Investment securities (Notes 7 and 8)	2,997	2,425	19,797
Investments in affiliates (Note 7)	186	172	1,230
Long-term loans	-	100	-
Deferred tax assets (Note 11)	5,408	4,955	35,719
Net defined benefit asset (Note 13)	4,505	3,434	29,755
Goodwill	22,650	23,222	149,595
Others	4,901	4,281	32,370
Allowance for doubtful accounts	(1)	(1)	(7)
Total investments and other assets	40,647	38,591	268,461
Total non-current assets	164,305	140,124	1,085,169
Total assets	¥292,158	¥239,095	$ 1,929,586

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Liabilities			
Current liabilities:			
Notes and accounts payable	¥12,535	¥13,553	$ 82,794
Short-term borrowings (Notes 7 and 10)	1,433	1,290	9,468
Lease obligations (Notes 7 and 10)	169	156	1,118
Other payables	11,736	8,441	77,516
Income taxes payable	6,743	3,702	44,536
Provision for bonuses	6,606	5,398	43,631
Provision for directors' bonuses	116	99	767
Provision for stock payments	98	37	651
Others	15,035	12,983	99,304
Total current liabilities	54,475	45,663	359,789
Non-current liabilities:			
Long-term borrowings (Notes 7 and 10)	25,000	-	165,114
Lease obligations (Notes 7 and 10)	433	403	2,863
Deferred tax liabilities (Note 11)	1,854	1,287	12,250
Provision for directors' retirement benefits	100	323	660
Provision for directors' stock payments	280	297	1,852
Net defined benefit liabilities (Note 13)	8,017	7,523	52,951
Asset retirement obligations	755	748	4,987
Others	155	163	1,025
Total non-current liabilities	36,596	10,745	241,706
Total liabilities	91,072	56,408	601,495
Net assets (Note 12):			
Shareholders' equity:			
Common stock:			
Authorized 2024 - 176,000,000 shares			
Authorized 2023 - 176,000,000 shares			
Issued 2024 - 133,929,800 shares			
Issued 2023 - 133,929,800 shares	12,046	12,046	79,560
Capital surplus	2,514	3,242	16,604
Retained earnings	191,706	178,329	1,266,141
Treasury stock - 9,050,500 shares in 2024			
9,005,241 shares in 2023	(24,972)	(24,886)	(164,935)
Total shareholders' equity	181,293	168,730	1,197,371
Accumulated other comprehensive income:			
Unrealized holding gain on securities	796	488	5,257
Foreign currency translation adjustments	9,751	5,225	64,401
Remeasurements of defined benefit plans (Note 13)	(89)	(332)	(593)
Total accumulated other comprehensive income	10,457	5,381	69,065
Non-controlling interests	9,335	8,574	61,653
Total net assets	201,086	182,686	1,328,091
Total liabilities and net assets	¥292,158	¥239,095	$1,929,586

Consolidated Statements of Income

Calbee, Inc. and Consolidated Subsidiaries
Consolidated Statements of Income
Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Net sales (Note 25)	¥303,027	¥279,315	$2,001,371
Cost of sales (Notes 9 and 17)	201,068	189,115	1,327,971
Gross profit	101,959	90,200	673,399
Selling, general and administrative expenses (Notes 16 and 17)	74,654	67,967	493,062
Operating profit	27,304	22,233	180,337
Non-operating income			
Interest income	445	140	2,942
Dividend income	43	39	284
Share of profit of entities accounted for using equity method	17	25	116
Foreign exchange gains	3,509	1,125	23,181
Other	360	263	2,378
Total non-operating income	4,376	1,594	28,903
Non-operating expenses			-
Interest expenses	250	162	1,653
Share of loss of entities accounted for using equity method	-	1	-
Depreciation	146	112	966
Commission for syndicated loans	52	-	347
Expenses for acquisition of treasury stock	-	10	-
Other	75	80	501
Total non-operating expenses	525	366	3,468
Ordinary profit	31,155	23,460	205,772
Extraordinary income			
Gain on sale of non-current assets (Note 18)	7	14	51
Gain on liquidation of subsidiaries	88	-	585
Gain on sales of investment securities (Note 8)	75	54	501
Subsidies income	78	109	515
Subsidy income related to COVID-19	-	85	-
Reversal of provision for retirement benefits	-	68	-
Other	-	2	-
Total extraordinary income	250	336	1,653
Extraordinary losses			
Loss on sale of non-current assets (Note 18)	236	35	1,562
Loss on retirement of non-current assets (Note 18)	372	491	2,457
Impairment loss (Note 19)	377	610	2,491
Loss on disposal of inventory	124	-	822
Loss on cancellation of outsourcing agreement	-	18	-
Other	91	-	601
Total extraordinary losses	1,201	1,155	7,935
Profit before income taxes	30,204	22,641	199,490
Income taxes – current (Note 11)	10,128	7,451	66,892
Income taxes – deferred (Note 11)	(389)	216	(2,570)
Total income taxes (Note 11)	9,739	7,667	64,322
Profit	20,465	14,973	135,167
Profit attributable to non-controlling interests	579	201	3,828
Profit attributable to owners of parent	¥19,886	¥14,772	$131,339

Consolidated Statements of Comprehensive Income

Calbee, Inc. and Consolidated Subsidiaries
Consolidated Statements of Comprehensive Income
Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Net income	¥20,465	¥14,973	$ 135,167
Other comprehensive income (Note 20):			
Unrealized holding gain on securities	307	52	2,029
Foreign currency translation adjustments	5,357	2,366	35,382
Remeasurements of defined benefit plans	243	560	1,605
Total other comprehensive income	5,907	2,980	39,017
Comprehensive income	¥26,373	¥17,953	$ 174,184
Comprehensive income attributable to:			
Owners of parent	¥24,961	¥17,378	$ 164,862
Non-controlling interests	¥1,411	¥575	$ 9,321

Consolidated Statements of Changes in Net Assets

Calbee, Inc. and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets
Years ended March 31, 2024 and 2023

		Millions of yen				
		Shareholders' Equity				
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
BALANCE AT APRIL 1, 2022	133,929,800	¥12,046	¥3,232	¥170,284	(¥12,959)	¥172,604
Cash dividends paid				(6,728)		(6,728)
Profit attributable to owners of parent				14,772		14,772
Purchase of treasury stock					(11,999)	(11,999)
Disposal of treasury stock					72	72
Purchase of shares of consolidated subsidiaries			9			9
Net changes during the year						
BALANCE AT APRIL 1, 2023	133,929,800	¥12,046	¥3,242	¥178,329	(¥24,886)	¥168,730
Cash dividends paid				(6,508)		(6,508)
Profit attributable to owners of parent				19,886		19,886
Purchase of treasury stock					(240)	(240)
Disposal of treasury stock					154	154
Purchase of shares of consolidated subsidiaries			(728)			(728)
Net changes during the year						
BALANCE AT MARCH 31, 2024	133,929,800	¥12,046	¥2,514	¥191,706	(24,972)	181,293

	Millions of yen					
	Accumulated Other Comprehensive Income					
	Unrealized Holding Gain on Securities	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Non-controlling Interests	Total Net Assets
BALANCE AT APRIL 1, 2022	¥436	¥3,232	(¥893)	¥2,775	¥8,078	¥183,458
Cash dividends paid						(6,728)
Profit attributable to owners of parent						14,772
Purchase of treasury stock						(11,999)
Disposal of treasury stock						72
Purchase of shares of consolidated subsidiaries						9
Net changes during the year	52	1,993	560	2,606	495	3,102
BALANCE AT APRIL 1, 2023	¥488	¥5,225	(¥332)	¥5,381	¥8,574	¥182,686
Cash dividends paid						(6,508)
Profit attributable to owners of parent						19,886
Purchase of treasury stock						(240)
Disposal of treasury stock						154
Purchase of shares of consolidated subsidiaries						(728)
Net changes during the year	307	4,525	243	5,075	760	5,836
BALANCE AT MARCH 31, 2024	¥796	¥9,751	(¥89)	10,457	9,335	201,086

Calbee, Inc. and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets
Years ended March 31, 2024 and 2023

	Number of Shares of Common Stock Outstanding	Thousands of U.S. Dollars (Note 6) Shareholders' Equity: Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
BALANCE AT APRIL 1, 2023	133,929,800	$79,560	$21,413	$1,177,789	($164,368)	$1,114,396
Cash dividends paid				(42,987)		(42,987)
Profit attributable to owners of parent				131,339		131,339
Purchase of treasury stock					(1,586)	(1,586)
Disposal of treasury stock					1,018	1,018
Purchase of shares of consolidated subsidiaries			(4,809)			(4,809)
Net changes during the year						
BALANCE AT MARCH 31, 2024	133,929,800	$79,560	$16,604	$1,266,141	($164,935)	$1,197,371

	Thousands of U.S. Dollars (Note 6) Accumulated Other Comprehensive Income: Unrealized Holding Gain on Securities	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Non-controlling Interests	Total Net Assets
BALANCE AT APRIL 1, 2023	$3,228	$34,512	($2,198)	$35,542	$56,629	$1,206,568
Cash dividends paid						(42,987)
Profit attributable to owners of parent						131,339
Purchase of treasury stock						(1,586)
Disposal of treasury stock						1,018
Purchase of shares of consolidated subsidiaries						(4,809)
Net changes during the year	2,029	29,888	1,605	33,523	5,024	38,547
BALANCE AT MARCH 31, 2024	$5,257	$64,401	($593)	$69,065	$61,653	$1,328,091

Consolidated Statements of Cash Flows

Calbee, Inc. and Consolidated Subsidiaries
Consolidated Statements of Cash Flows
Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Cash flows from operating activities			
Profit before income taxes	¥30,204	¥22,641	$199,490
Depreciation and amortization	10,594	10,047	69,970
Impairment loss	377	610	2,491
Amortization of goodwill	2,081	1,979	13,745
Increase (decrease) in provision	1,130	882	7,464
Increase (decrease) in net defined benefit asset/liability	(277)	(277)	(1,835)
Interest and dividend income	(488)	(179)	(3,226)
Interest expense	250	162	1,653
Foreign exchange loss (gain)	(2,854)	(1,341)	(18,853)
Share of loss (profit) of entities accounted for using equity method	(17)	(23)	(116)
Net loss (gain) on sales of investment securities	(75)	(54)	(501)
Net loss (gain) on valuation of investment securities	(88)	-	(585)
Net loss (gain) on sales of non-current assets	228	21	1,511
Loss on retirement of non-current assets	372	491	2,457
Decrease (increase) in notes and accounts receivable	(15,768)	(3,987)	(104,141)
Decrease (increase) in inventories	1,824	(4,915)	12,047
Increase (decrease) in notes and accounts payable	(1,571)	1,213	(10,378)
Increase (decrease) in other payables	3,401	(353)	22,462
Others	1,509	558	9,967
Subtotal	30,830	27,473	203,623
Interest and dividends received	485	189	3,204
Interest paid	(210)	(169)	(1,388)
Income taxes paid	(6,754)	(8,182)	(44,612)
Net cash provided by operating activities	24,350	19,310	160,826
Cash flows from investing activities			
Acquisition of property, plant and equipment	(30,591)	(25,750)	(202,046)
Proceeds from sale of property, plant and equipment	140	12	925
Acquisition of intangible fixed assets	(595)	(966)	(3,932)
Acquisition of marketable securities	-	(13,998)	-
Proceeds from redemption of marketable securities	-	23,000	-
Purchase of investment securities	(246)	(209)	(1,629)
Proceeds from sale of investment securities	226	248	1,494
Collection of loans receivable	-	78	-
Payment into time deposits	(11,996)	(5,243)	(79,235)
Proceeds from withdrawal of time deposits	7,676	3,713	50,697
Payment of security deposit	(33)	(86)	(223)
Collection of security deposit	17	71	115
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,555)	-
Others	96	355	639
Net cash used in investing activities	(35,307)	(20,329)	(233,193)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	41	(235)	270
Proceeds from long-term borrowings	25,000	-	165,114
Repayments of long-term borrowings	-	(535)	-
Purchase of treasury stock	(240)	(11,999)	(1,586)
Repayments for lease obligations	(159)	(201)	(1,052)
Cash dividends paid	(6,504)	(6,723)	(42,959)
Proceeds from share issuance to non-controlling shareholders	279	445	1,846
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,470)	(0)	(9,709)
Dividends paid to non-controlling interests	(96)	(754)	(636)
Net cash used in financing activities	16,850	(20,004)	111,288
Effect of exchange rate changes on cash and cash equivalents	1,533	1,645	10,129
Net increase (decrease) in cash and cash equivalents	7,426	(19,378)	49,050
Cash and cash equivalents at beginning of year	30,292	49,670	200,067
Cash and cash equivalents at end of year (Note 15)	¥37,718	¥30,292	$249,118

Notes to Consolidated Financial Statements

1. Basis of Presentation

The accompanying consolidated financial statements of Calbee, Inc. (the "Company") and its consolidated subsidiaries have been prepared from the consolidated financial statements filed with the Kanto Local Finance Bureau as required by the Financial Instruments and Exchange Law of Japan and in conformity with generally accepted accounting principles and practices in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. Accordingly, International Financial Reporting Standards are not applied in preparing the accompanying consolidated financial statements. The consolidated financial statements are not intended to present the financial position, results of operations or cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.
In preparing the accompanying consolidated financial statements, certain reclassifications have been made to present the information in a form familiar to readers outside Japan. The accounts and the financial statements of the Company and its subsidiaries are maintained in Japanese yen.
As permitted, amounts of less than one million yen are rounded down. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Basis of consolidation and accounting for investments in affiliates

The accompanying consolidated financial statements include the accounts of the Company and subsidiaries in which the Company holds, directly or indirectly, more than 50% of the voting rights or where it exercises control. The consolidated financial statements consist of the Company and its 21 (24 in 2023) subsidiaries as listed below.

Consolidated subsidiaries

- Calbee Potato, Inc.
- Calbee Logistics, Inc.
- Calbee Eatalk Co., Ltd.
- Japan Frito-Lay Ltd.
- Studio Socio, Inc.
- Calbee Kaitsuka Sweet Potato,Inc.
- Kaitsuka Farm Co., Ltd.
- Calbee America, Inc. (Note 1, 2)
- CFSS Co. Ltd. (Note 1)
- Calbee (Hangzhou) Foods Co.,Ltd. (Note 1)
- Calbee (China) Co., Ltd. (Note 1)
- Calbee Four Seas Co., Ltd.
- Calbee E-commerce Limited (Note 1)
- Calbee Group (UK) Ltd (Note 1)
- PT. Calbee-Wings Food (Note 1)
- Haitai-Calbee Co., Ltd. (Note 1)
- Calbee Tanawat Co., Ltd. (Note 1)
- Greenday Group Co., Ltd. (Note 1)
- Greenday Global Co., Ltd. (Note 1)
- Calbee Moh Seng Pte. Ltd. (Note 1)
- Calbee Australia Pty Limited (Note 1)

(Notes)

(1) The fiscal year-end of these subsidiaries is December 31.

(2) Calbee North America, LLC and Warnock Food Products, Inc have been excluded from the scope of consolidation during the year ended March 31, 2024 due to Calbee America, Inc..

(3) Yantai Calbee Co., Ltd. has been excluded from the scope of consolidation during the year ended March 31, 2024 due to its liquidation.

For the year ended March 31, 2024, all subsidiaries are consolidated and there is one affiliate (Calbee URC Malaysia Sdn. Bhd.) that is accounted for by the equity method.
The Happy Fruit Farm Co., Ltd. has been excluded from the scope of equity method during the year ended March 31, 2024 due to the sale of shares.
For the year ended March 31, 2023, all subsidiaries are consolidated and there are two affiliates (Calbee URC Malaysia Sdn. Bhd. and The Happy Fruit Farm Co., Ltd.) that is accounted for by the equity method.

For the years ended March 31, 2024 and 2023, two affiliates, Potato Foods Co., Ltd., and Hiroshima Agricultural Produce Distributors Cooperative are not accounted for using the equity method as they are not significant in terms of net income and retained earnings of the consolidated financial statements. Investments in these affiliates are carried at cost.

All significant intercompany balances and transactions have been eliminated in consolidation. Accounts of subsidiaries whose year-ends differ by three months from March 31 have been included using pro forma financial information prepared as of March 31.

(b) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rate in effect at the balance sheet date and gains or losses arising from such translation are credited or charged to income.

Assets and liabilities of overseas subsidiaries are translated into yen at the exchange rate in effect at the balance sheet date, whereas shareholders' equity of such subsidiaries is translated at the historical rate that prevailed on the date of their acquisition. Income and expenses of overseas subsidiaries are translated into yen using the average exchange rate during the fiscal year. Translation adjustments are included in foreign currency translation adjustments and non-controlling interests in net assets section of the accompanying consolidated balance sheets.

(c) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash on hand, deposits with banks available for withdrawal on demand and short-term highly liquid investments with an original maturity of three months or less which are readily convertible into cash and subject to insignificant risk of changes in value.

(d) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on the Company's actual historical experience of credit loss for active accounts and on an individual basis after an analysis of collectability for certain doubtful accounts.

(e) Marketable and investment securities

Marketable and investment securities are classified and valued as follows:
(1) Held-to-maturity debt securities
Amortized cost method (straight-line method)
(2) Available-for-sale securities
Securities for which fair values are readily available:
Marked-to-market, with any changes in unrealized holding gains or losses, net of applicable income taxes, included directly in net assets. Cost of securities sold is determined using the moving average method.
Securities for which fair values are not readily available:
Stated at cost based on the moving-average method.

(f) Inventories

Inventories are stated at cost using the average method for finished goods and work-in-process. The moving-average method is applied for commercial goods, raw materials and supplies. The book value of inventories is written down to reflect any declines in profitability.

(g) Property, plant and equipment (except for leases)

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the respective assets.

The useful lives of buildings, machinery and equipment are as follows:

	Useful lives (years)
Buildings	15 to 31 years
Machinery and equipment	10 years

(h) Goodwill

Goodwill is amortized using the straight-line method over the estimated effective period of the investment. The estimated effective period are as follows.

	Estimated effective period (years)
Calbee Kaitsuka Sweet Potato,Inc.	15 years
Calbee America, Inc.	15 years
Calbee Group (UK) Ltd	15 years
Greenday Group Co., Ltd.	15 years

(i) Intangible assets (except for leases)

Intangible assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method over the estimated useful life of five years.

(j) Leases

Finance lease assets that do not transfer ownership of the property to the lessee are depreciated using the straight-line method over the lease term with no residual value.

(k) Provision for bonuses

Provision for bonuses is provided for the bonus payments to employees and directors in the estimated bonus amount attributable to the current fiscal year.

(l) Provision for stock payments

To prepare for future awards of the Company's shares to Group employees, provision for stock payments is provided for stock award debt based on predetermined regulations for awarding stock.

(m) Provision for directors' retirement benefits

To provide for the payment of directors' retirement benefit, the amount payable under internal regulations at the consolidated balance sheet date is recorded.

(n) Provision for directors' stock payments

To prepare for future awards of the Company's shares to the Company's directors, etc, provision for stock payments is provided for stock award debt based on predetermined regulations for awarding stock.

(o) Accounting method for retirement benefits

(1) Period allocation methodology for the estimated retirement benefit amount

The retirement benefit obligation is calculated by allocating the estimated retirement benefit amount until the end of the current fiscal year on a benefit formula basis.

(2) Amortization of net unrecognized actuarial gains (losses) and unrecognized past service cost

Net unrecognized actuarial gains (losses) are amortized beginning in the following fiscal year by the straight-line method over a specified number of years (12 years) within the average remaining service period of employees at the time the difference arose.

Unrecognized past service cost is amortized by the straight-line method over a specified number of years (5 years) within the average remaining service period of employees at the time the cost incurred.

(3) Application of the simplified method for small businesses

For part-time employees of the Company, amount payable at the fiscal year-end in accordance with internal regulations is provided for.

For certain consolidated subsidiaries, a simplified method is applied for the calculation of retirement benefit obligations and retirement benefit expenses in which the necessary retirement benefit provisions for voluntary resignations at the end of the fiscal year are recorded as retirement benefit obligations.

(p) Recognition of revenues and expenses

Our group primarily sells snack foods and cereals and recognizes revenue upon the transfer of control of these promised goods or services to customers in the amount that we expect to receive in exchange for those goods or services. In domestic sales of goods or products, when the period until the time of inspection by the customer is considered reasonable for each transaction practice in light of the number of days required for shipment and delivery in Japan, we recognize revenue at the time of shipment.

The payment for the promised goods or services is generally within two months of the time the control has moved to the customer, and there is no significant financing component in the amount of the payment.

A portion of transaction prices includes variable consideration such as rebates. Variable consideration is the estimate of the most probable amount. The transaction price only include amount for sales subject to variable consideration to the extent that it is highly probable that there will not be a significant reversal of cumulative revenue after the uncertainty associated with variable consideration is resolved.

There are no material returns except that we are responsible for the returns such as product failure.

(q) Business commencement expenses

Business commencement expenses are expensed as incurred.

3. Significant accounting estimates

(Necessity of recognizing loss on the goodwill impairment of Calbee Kaitsuka Sweet Potato, Inc.)

(1) Amount recorded in the consolidated financial statements as of March 31, 2024

	March 31, 2023	March 31, 2024	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Goodwill	¥11,671	¥10,699	$70,664

(2) Information related to significant accounting estimates for identified items

(a) Calculation methods of estimates

When indicators of impairment are identified due to a continuous loss in earnings from operations or a significant decline in market prices, our Group assesses the recognition of impairment losses by considering future business plans and other factors, and recognizes impairment losses to recoverable amounts as necessary.

The main portion of our intangible assets is goodwill arising from the acquisition of Calbee Kaitsuka Sweet Potato, Inc. The business of Calbee Kaitsuka Sweet Potato, Inc. has seen continuous negative operating income after amortization of goodwill due to the disposal of raw materials and other factors, and there was an indication of goodwill impairment. We determined that no impairment loss was recognized because the total amount of the estimated undiscounted future cash flows from Calbee Kaitsuka Sweet Potato, Inc. exceeded the carrying value of the asset group including goodwill.

The undiscounted future cash flows were calculated based on the company's business plan and take into account future uncertainties. The undiscounted future cash flows also include the recoverable amount of other assets at the end of the remaining economic life of the goodwill, but estimating the sales growth rate and discount rate used to measure this amount requires a high level of expertise in calculation methods.

(b) Key assumptions used in the calculation of estimate

The undiscounted future cash flows used for the recognition of impairment loss were based on Calbee Kaitsuka Sweet Potato, Inc.'s business plan and make the key assumptions that there will be a continuous increase in sales and procurement volume and an improvement in gross profit ratio primarily due to an increase in the sales volume of processed products.

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

Calbee Group carefully considered the identification of indications of impairment and the recognition and measurement of impairment loss at the end of the fiscal year and we believe that the above estimates of future cash flows are reasonable. However, shifts in market conditions may lead to changes being made in the assumptions and estimate bases, which could have a significant impact on the consolidated financial statements for the next consolidated fiscal year.

4. Unapplied Accounting Standards, etc.

- Accounting Standard for Income Taxes (ASBJ Statement No. 27, October 28, 2022)
- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)
- Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

The guidance establishes the classification of income taxes to be recorded when other comprehensive income is taxed and the treatment of tax effects on the sale of shares of subsidiaries when the group corporate taxation system is applied.

(2) Scheduled Effective Date

Calbee Group plans to apply these accounting standards from the beginning of the fiscal year ending March 31, 2025.

(3) Effect of adoption of this accounting standard

The impact of adopting these accounting standards was still under evaluation when these consolidated financial statements were prepared.

5. Additional Information

Employee Stock Ownership Plan (ESOP) Trust

The Company awards the Company's own stock to the employees of our Group through a trust.

(1) Transaction summary

On March 7, 2014, the Employee Stock Ownership Plan (ESOP) Trust was introduced as an employee incentive plan with the aim of improving long-term corporate value. By raising awareness of our financial results and share price among employees, the Company aims to further promote corporate activities that improve financial results. The Company has established the Trust by contributing funds for acquisition of the Company's stocks for those employees who satisfy certain requirements. Based on predetermined regulations for awarding stocks, the Trust will acquire the estimated number of the Company's stocks to be awarded to employees from the stock market during the predetermined stock acquisition period. Funds required for the Trust to purchase the aforementioned stocks will be provided by the Company. The employees will bear no liabilities.

Introducing the Trust will enable employees to profit from a rise in stock prices, and will promote awareness of the stock price among employees as they fulfill their duties and is thereby expected to improve employee motivation. Further, the voting rights of the Company's stocks held in the Trust will be executed within a structure that will reflect the will of the employees who are potential beneficiaries and is an effective way to improve corporate value by promoting employees' participation in management planning.

(2) The Company's own stock in the Trust

The Company's own stock in the Trust is recorded in treasury stock under net assets based on the book value in the trust (excluding ancillary expenses). The book value and the number of these treasury stock as of March 31, 2024 and 2023 were ¥337 million ($2,226 thousand) and 111,395 shares, and ¥185 million and 53,465 shares, respectively.

Performance-linked Stock Compensation Plan

The Company awards stock to board members (excluding outside and part-time directors) and executives contractually bound to the Company including Executive Officers (hereinafter "Board Members") through the Trust.

(1) Transaction summary

On August 6, 2014, the Company introduced a performance-linked stock compensation plan (hereinafter the "Plan") with the goal of increasing awareness of the importance of contributing to further enhancing the Company's corporate value and performance over the medium-to-long-term. The plan will be highly transparent and objective and closely linked with the Company's performance for Board Members.

The Plan is the performance-linked stock compensation plan under which the Company's shares are acquired through the Board Incentive Plan Trust (hereafter "BIP Trust") with the funds of remuneration contributed by the Company and the Company's shares are awarded to the Company's Board Members in accordance with performance targets achieved. Upon their retirement, Board Members will receive the Company's stocks in principle.

In order to ensure the neutrality of the Company's management, voting rights for the Company's stocks in the Trust shall not be exercised while in the Trust.

(2) The Company's own stock in the Trust

The Company's own stock in the Trust is recorded in treasury stock under net assets based on the book value in the Trust (excluding ancillary expenses). The book value and the number of treasury stock in the Trust as of March 31, 2024 and 2023 were ¥632 million ($4,178 thousand) and 176,660 shares, and ¥698 million and 189,400 shares, respectively.

6. U.S. Dollar Amounts

For the convenience of the reader, the accompanying consolidated financial statements are also presented in U.S. dollars by converting Japanese yen amounts at the rate of ¥151.41 = $1, the approximate rate in effect on March 31, 2024. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

7. Financial Instruments

(1) Policy for financial instruments

The Company's fund management policy is to use highly secure financial instruments, such as term deposits, with purchases of financial instruments carried out in accordance with internal regulations including the fund management policy. As for funding, domestic consolidated subsidiaries are principally prohibited from borrowing from third parties and are only allowed to borrow from the Company. The Company borrows necessary funds from third parties if necessary. The Company uses derivatives in order to hedge foreign exchange risk and does not enter into derivative transactions for speculative or trading purposes.

(2) Nature of financial instruments and the related risks and risk management

Trade receivables consist of notes and accounts receivable and are exposed to customers' credit risk. In order to reduce such risk, the Company monitors the credit standing, due dates and outstanding balance by individual customer in accordance with our Group credit management policy.

Marketable securities consist of commercial paper and jointly-managed money trust and are highly safe financial instruments held for short-term investment. The Company considers their credit risk to be insignificant.

Investment securities consist of shares of companies with business relationships and debt securities for surplus fund management, and are exposed to market volatility risk. In order to reduce such risk, the Company reviews the market values and the financial position of the issuers on a regular basis.

Trade payables consist of notes and accounts payable and other payable are exposed to liquidity risk. The Company manages such risk by preparing fund management plans on a monthly basis. Also, the Company enhanced its centralized funding and cash management functions by implementing a cash management system.

To hedge exchange rate volatility risk related to monetary receivables and payables denominated in foreign currencies, the Company uses forward foreign exchange contracts. These derivative transactions are executed and managed in accordance with the internal regulations governing the transaction authorizations. The Company considers that credit risk arising from non-performance of counterparties is minimal because the counterparties to the derivative transactions are limited to domestic banks with high credit standing.

Long-term loans payable are procured at fixed interest rates to avoid interest rate fluctuation risk. In addition, the finance division prepares and updates funding plans in a timely manner and manages liquidity risk by maintaining liquidity on hand.

(3) Supplementary explanation of the estimated fair value of financial instruments

The fair value may change depending on the different presumptions adopted, since variable factors are taken into account in determining the fair value. The contract amount of derivative transactions shown in Note 21 Derivative Financial Instruments does not represent market risk.

(4) Fair values of financial instruments

Carrying amount, estimated fair value and the difference between them for financial instruments as of March 31, 2024 and 2023 are shown in the following table.

	Millions of yen		
(As of March 31, 2024)	Carrying Amount	Estimated Fair Value	Difference
Assets			
Investment securities			
Available-for-sale	1,981	1,981	—
Total assets	¥ 1,981	¥ 1,981	—
Liabilities			
Long-term borrowings	25,000	25,036	36
Total liabilities	¥ 25,000	¥ 25,036	¥ 36
Derivative transactions			
Hedge accounting not applied	1,804	1,804	—
Total derivative transactions	¥ 1,804	¥ 1,804	—

	Thousands of U.S. dollars		
(As of March 31, 2024)	Carrying Amount	Estimated Fair Value	Difference
Assets			
Investment securities			
Available-for-sale	13,088	13,088	—
Total assets	$ 13,088	$ 13,088	—
Liabilities			
Long-term borrowings	165,114	165,354	239
Total liabilities	$ 165,114	$ 165,354	$ 239
Derivative transactions			
Hedge accounting not applied	11,916	11,916	—
Total derivative transactions	$ 11,916	$ 11,916	—

* The note of "Cash" is omitted. "Deposits", "Notes receivable", "Accounts receivable", "Notes and accounts payable-trade", "Short-term loans payable" and "Accounts payable-other" are omitted because their fair values approximate their carrying amounts due to their short-term settlement.

* Receivables and payables arising from derivative transactions are presented in net amount, with the net liability amount presented in parenthesis.

* Equity securities without market price are unlisted shares. It is not included in "Investment securities". The carrying amount is ¥409 million ($2,707 thousand).

* Investment in unions and other similar entities whose share equivalent to the net amount is recorded in the consolidated balance sheet is omitted. The carrying amount is ¥792 million ($5,232 thousand).

	Millions of yen		
(As of March 31, 2023)	Carrying Amount	Estimated Fair Value	Difference
Assets			
Investment securities			
Available-for-sale	1,581	1,581	—
Total assets	¥ 1,581	¥ 1,581	—
Derivative transactions			
Hedge accounting not applied	444	444	—
Total derivative transactions	¥ 444	¥ 444	—

* The note of "Cash" is omitted. "Deposits", "Notes receivable", "Accounts receivable", "Notes and accounts payable-trade", "Short-term loans payable" and "Accounts payable-other" are omitted because their fair values approximate their carrying amounts due to their short-term settlement.
* Receivables and payables arising from derivative transactions are presented in net amount, with the net liability amount presented in parenthesis.
* Equity securities without market price are unlisted shares. It is not included in "Investment securities". The carrying amount is 427 million yen.
* Investment in unions and other similar entities whose share equivalent to the net amount is recorded in the consolidated balance sheet is omitted. The carrying amount is 588 million yen.

Notes 1 Redemption schedule of monetary receivables and marketable securities with maturities after March 31, 2024 and 2023.

	Millions of yen			
(As of March 31, 2024)	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 44,295	—	—	—
Notes Receivable - trade	922	—	—	—
Accounts receivable	53,196	—	—	—
Total	¥ 98,413	—	—	—-

	Thousands of U.S. dollars			
(As of March 31, 2024)	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	$ 292,555	—	—	—
Notes Receivable - trade	6,089	—	—	—
Accounts receivable	351,337	—	—	—
Total	$ 649,982	—	—	—

	Millions of yen			
(As of March 31, 2023)	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 32,148	—	—	—
Notes Receivable - trade	715	—	—	—
Accounts receivable	36,405	—	—	—
Total	¥ 69,269	—	—	—-

Notes 2 Repayment schedule of long-term borrowings, lease obligations, and other interest-bearing liabilities after March 31, 2024 and 2023.

(Millions of yen)

March 31 2024	2025	2026	2027	2028	2029	2030 and beyond
Long-term borrowings	—	—	10,000	10,000	5,000	—
Short-term Borrowings	1,433	—	—	—	—	—
Lease obligations	169	164	95	82	53	37
Total	1,602	164	10,095	10,082	5,053	37

(Thousands of U.S. dollars)

March 31 2024	2025	2026	2027	2028	2029	2030 and beyond
Long-term borrowings	—	—	66,045	66,045	33,022	—
Short-term Borrowings	9,468	—	—	—	—	—
Lease obligations	1,118	1,086	630	544	353	248
Total	10,586	1,086	66,676	66,590	33,376	248

(Millions of yen)

March 31 2023	2024	2025	2026	2027	2028	2029 and beyond
Short-term borrowings	1,290	―	―	―	―	―
Lease obligations	156	135	88	51	48	79
Total	1,446	135	88	51	48	79

(5) Breakdown of the Fair Value of Financial Instruments by Level

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs to the determination of fair value:

Level 1 fair value: Of inputs for determining observable fair value, fair value calculated using market prices for assets or liabilities that are formed in active markets and are subject to such fair value calculations

Level 2 fair value: Fair value calculated using inputs for determining observable fair value other than inputs for Level 1

Level 3 fair value: Fair values calculated using inputs for determining fair values that are unobservable

If we use multiple inputs that are significant to the determination of fair value, we categorize fair value into the level in which each of these inputs has the lowest priority in determining fair value.

・Financial instruments recorded in the consolidated balance sheets at fair value

	Millions of yen			
	2024			
	Fair values			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale				
Equity securities	¥ 1,981	―	―	¥ 1,981
Derivatives				
Related to currency	―	¥ 1,804	―	1,804
Asset Total	¥ 1,981	¥ 1,804	―	¥ 3,786

	Thousands of U.S. dollars			
	2024			
	Fair values			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale				
Equity securities	$ 13,088	―	―	$ 13,088
Derivatives				
Related to currency	―	$ 11,916	―	11,916
Asset Total	$ 13,088	$ 11,916	―	$ 25,005

	Millions of yen			
	2023			
	Fair values			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale				
Equity securities	¥ 1,581	―	―	¥ 1,581
Derivatives				
Related to currency	―	¥ 444	―	444
Asset Total	¥ 1,581	¥ 444	―	¥ 2,026

・Financial instruments except financial instruments recorded in the consolidated balance sheets at fair value

For the year ended March 31, 2024

	Millions of yen			
	2024			
	Far values			
	Level 1	Level 2	Level 3	Total
Long-term borrowings	―	¥ 25,036	―	¥ 25,036
Liabilities Total	―	¥ 25,036	―	¥ 25,036

	Thousands of U.S. dollars			
	2024			
	Far values			
	Level 1	Level 2	Level 3	Total
Long-term borrowings	―	$ 165,354	―	$ 165,354
Liabilities Total	―	$ 165,354	―	$ 165,354

For the year ended March 31, 2023

No applicable items

Note: Description of valuation techniques used to determine fair value and inputs for determining fair value

Available-for-sale

Listed stocks are valued using quoted prices. Listed stocks are traded in an active market and, therefore, their fair values are classified as Level 1 fair values.

Derivative transactions

The fair value of foreign currency forward contracts is determined using the discounted present value method using observable inputs such as interest rates and foreign currency exchange rates and is classified as Level 2 fair value.

Long-term borrowings

The fair value of Long-term borrowings is determined using the discounted present method based on the total amount of principal and interest, the remaining period of the issue, the interest rate that takes into account credit risk and is classified as Level 2 fair value.

8. Marketable and Investment Securities

(1) The summary of acquisition cost and carrying value of held to maturity and available-for-sale securities as of March 31, 2024 and 2023 is as follows:

Held-to-maturity

For the year ended March 31, 2024 and 2023

No applicable items.

Available-for-sale

	Millions of yen			Thousands of U.S. dollars		
	2024			2024		
	Carrying amount	Acquisition cost	Unrealized gains (losses)	Carrying amount	Acquisition cost	Unrealized gains (losses)
(Securities with carrying value exceeding acquisition cost)						
Equity securities	¥1,968	¥846	¥1,121	$12,998	$5,593	$7,405
(Securities with carrying value not exceeding acquisition cost)						
Equity securities	13	20	(7)	89	136	(46)
Total	¥1,981	¥867	¥1,114	$13,088	$5,729	$7,359

Available-for-sale

	Millions of yen		
	2023		
	Carrying amount	Acquisition cost	Unrealized gains (losses)
(Securities with carrying value exceeding acquisition cost)			
Equity securities	¥ 1,516	¥ 834	¥ 681
(Securities with carrying value not exceeding acquisition cost)			
Equity securities	65	75	(9)
Total	¥ 1,581	¥ 910	¥ 671

Note: Unlisted shares and investments in partnerships, etc., which are recorded on the consolidated balance sheet at the net amount of the Company's equity interest, with carrying values of ¥1,015 million ($6,709 thousand) and ¥843 million at March 31, 2024 and 2023, respectively, are not included in the above table as their market value is not readily available.

(2) Sales of available-for-sale securities

	Millions of yen			Thousands of U.S. dollars		
	2024			2024		
	Sales amount	Gain on sales	Loss on sales	Sales amount	Gain on sales	Loss on sales
Equity securities	¥ 217	¥74	-	$ 1,439	$ 494	-
Total	¥ 217	¥74	-	$ 1,439	$ 494	-

	Millions of yen		
	2023		
	Sales amount	Gain on sales	Loss on sales
Equity securities	¥ 199	¥54	-
Total	¥ 199	¥54	-

(3) Impairment loss on available-for-sale securities

The Company recognizes impairment loss for the full amount of securities when the fair value declines below 50% of the acquisition cost, and for amounts deemed necessary after consideration of recoverability when the fair value declines by 30 to 50% of the acquisition cost. During the year ended March 31, 2024 and 2023, impairment losses recognized on equity securities classified as available-for-sale securities were ¥71 million ($473 thousand) and nil.

9. Inventories

Inventories at March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Finished goods and commercial goods	¥ 7,580	¥ 8,870	$ 50,063
Work in process	2,253	1,898	14,883
Raw materials and supplies	12,374	12,584	81,727
	¥ 22,208	¥ 23,352	$ 146,674

Valuation losses (reversal) due to declines in profitability included in cost of sales for the years ended March 31, 2024 and 2023 were ¥63 million ($421 thousand) and ¥ 5million, respectively.

10. Short-Term Borrowings and Long-Term Debt

The outstanding balance of short-term borrowings, long-term debt, lease obligations and other interest-bearing liabilities as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars	Average interest rate	
	2024	2023	2024	2024	2023
				(%)	(%)
Short-term borrowings	¥1,433	¥1,290	$9,468	8.5	6.7
Current portion of lease obligations	169	156	1,118	-	-
Long-term borrowings	25,000	-	165,114	0.5	-
Lease obligations, excluding current portion	433	403	2,863	-	-
Other interest-bearing liabilities	5	5	37	0.0	0.0
Total	¥27,042	¥1,855	$178,601	-	-

Note: "Average interest rate" represents the weighted average interest rate on the respective ending balance. The average interest rate for lease obligations is not disclosed as lease obligations include the interest component of the lease payments and it is not practicable to calculate average interest rate.

The aggregate annual maturities of lease obligations and long-term borrowings are summarized below:

	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
Years ending March 31,	Long-Term Borrowings		Lease obligations	
2025	-	-	169	1,118
2026	-	-	164	1,086
2027	10,000	66,045	95	631
2028	10,000	66,045	82	544
2029	5,000	33,022	53	353
2030 and thereafter	-	-	37	248

11. Income Taxes

The Company and its domestic consolidated subsidiaries are subject to several types of taxes: corporate tax, local inhabitant taxes and enterprise taxes, which in the aggregate resulted in a statutory tax rate of approximately 30.5% for the fiscal years ended March 31, 2024 and 2023, respectively. Overseas subsidiaries are subject to income and other taxes of the respective countries in which they operate.

A reconciliation of the statutory tax rate to the effective tax rates for the years ended March 31, 2024 and 2023 were as follows:

	2024	2023
	(%)	(%)
Statutory tax rate	30.5	30.5
Adjustments:		
Entertainment and other permanently non-deductible expenses	0.6	0.3
Dividend and other permanently non-taxable income	(0.0)	(0.0)
Special tax credit for income tax	(0.3)	(0.8)
Per capital inhabitant tax	0.3	0.4
Changes in valuation allowances	(0.7)	0.2
Amortization of goodwill	2.1	2.7
Others	(0.2)	0.7
Effective tax rates	32.2	33.9

Significant components of deferred tax assets and liabilities as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deferred tax assets:			
Allowance for doubtful accounts	¥24	¥18	$161
Provision for bonuses	1,962	1,623	12,962
Accrued expenses	2,380	2,038	15,723
Enterprise tax payable	356	222	2,351
Provision for stock payments	30	11	198
Provision for directors' stock payments	85	90	564
Net defined benefit liability	2,314	2,179	15,285
Provision for directors' retirement benefits	1	12	11
Depreciation	1,709	1,691	11,290
Impairment loss	358	416	2,367
Asset retirement obligations	207	211	1,369
Carryforward tax loss (Note 2)	905	1,262	5,978
Others	666	727	4,399
Deferred tax assets – total	11,002	10,505	72,665
Valuation reserve for carryforward tax loss (Note 2)	(542)	(778)	(3,584)
Valuation reserve for deductible temporary differences	(448)	(455)	(2,964)
Valuation reserve – total (Note 1)	(991)	(1,233)	(6,549)
Net deferred tax assets	10,010	9,271	66,116
Deferred tax liabilities:			
Unrealized holding gain on securities	(340)	(205)	(2,249)
Deferred gains on property, plant and equipment	(371)	(400)	(2,453)
Asset retirement obligations	(39)	(42)	(257)
Deferred gain on reorganization	(2,050)	(2,115)	(13,543)
Net defined benefit asset	(1,380)	(1,055)	(9,119)
Others	(2,274)	(1,738)	(15,023)
Deferred tax liabilities – total	(6,457)	(5,602)	(42,646)
Net deferred tax assets	¥3,553	¥3,668	$23,469

(Note) 1. Valuation reserve decreased by ¥ 242 million, due to decrease for the consolidated subsidiaries with significant carryforward tax loss in the fiscal year.

2. Carryforward tax loss and its deferred tax assets by expiration periods

(Millions of yen)

March 31 2024	2025	2026	2027	2028	2029	2030 and beyond	Total
Carryforward tax loss (a)	141	132	46	90	4	490	905
Valuation reserve	(141)	(132)	(46)	(90)	(4)	(128)	(542)
Net deferred tax assets	-	-	-	-	-	362	(b) 362

(Thousands of U.S. dollars)

March 31 2024	2025	2026	2027	2028	2029	2030 and beyond	Total
Carryforward tax loss (a)	935	872	307	595	26	3,242	5,978
Valuation reserve	(935)	(872)	(307)	(595)	(26)	(847)	(3,584)
Net deferred tax assets	-	-	-	-	-	2,394	(b) 2,394

(a) Carryforward tax loss shown in the above table is after multiplying the statutory tax rate.

(b) The net deferred tax assets of ¥ 362 million ($2,394 thousand) for carryforward tax loss of ¥ 905 million ($5,978 thousand) in consolidated subsidiaries was available for reduction of future taxable income respectively.

(Millions of yen)

March 31 2023	2024	2025	2026	2027	2028	2029 and beyond	Total
Carryforward tax loss (a)	226	148	122	43	90	632	1,262
Valuation reserve	(226)	(148)	(122)	(43)	(90)	(148)	(778)
Net deferred tax assets	-	-	-	-	-	484	(b) 484

(a) Carryforward tax loss shown in the above table is after multiplying the statutory tax rate.
(b) The net deferred tax assets of ¥ 484 million for carryforward tax loss of ¥ 1,262 million in consolidated subsidiaries was available for reduction of future taxable income respectively.

12. Net Assets

(1) Movements of number of common stock issued and outstanding during the Years ended March 31, 2024 and 2023 are as follows:

	Number of shares	
	2024	2023
Balance at beginning of year	133,929,800	133,929,800
Increase	-	-
Decrease	-	-
Balance at end of year	133,929,800	133,929,800

(2) Movements of number of treasury stock during the Years ended March 31, 2024 and 2023 are as follows:

	Number of shares	
	2024	2023
Balance at beginning of year	9,005,241	4,808,426
Increase	87,669	4,217,215
Decrease	(42,410)	(20,400)
Balance at end of year	9,050,500	9,005,241

Note: The breakdown of the increase and decrease during the year ended March 31, 2024 is as follows:

Increase due to purchase of treasury shares by the trust	87,600 shares
Increase due to purchase of holder of shares less than one unit	69 shares
Decrease due to issuance of treasury shares by the trust	42,410 shares

The breakdown of the increase and decrease during the year ended March 31, 2023 is as follows:

Increase due to acquisition of treasury stock resolved at the Board of Directors meeting held on November 7, 2022	4,217,100 shares
Increase due to purchase of holder of shares less than one unit	115 shares
Decrease due to issuance of treasury shares by the trust	20,400 shares

(3) As of March 31, 2024 and 2023, the outstanding balance of subscription rights provided for as stock options amounted to nil.

(4) Cash dividends

The following appropriation of retained earnings at March 31, 2024 and 2023 was approved at the annual meetings of the Company’s shareholders held on June 25, 2024 and June 21, 2023, respectively.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Cash dividends	¥7,009	¥6,508	$46,293

Cash dividends attributable to the year ended March 31, 2023 of ¥6,508 million were paid during the year ended March 31, 2024 in accordance with the resolution at the annual meeting of the Company’s shareholders held on June 21, 2023.
Amount of total dividends paid to shares held by the Company in trust in 2024 and 2023 is ¥16 million ($106 thousand) and ¥12 million, respectively.

13. Retirement Benefits for Employees

The Company and its 2 domestic consolidated subsidiaries have corporate pension plans and lump-sum payment plans that are multi-employer plans as defined benefit pension plans. Other domestic consolidated subsidiaries and certain foreign consolidated subsidiaries have lump-sum payment plans or defined contribution pension plans. The Company adopts defined contribution pension plans and prepaid retirement allowance plans.

Charges for net defined benefit liability and retirement benefit expenses for a portion of the Company's retirement benefit plans, the defined benefit pension plans for consolidated subsidiaries and the retirement lump-sum payment plans are calculated using the simplified accounting method.

Notes relating to retirement benefits based on defined benefit plans include the portion related to multi-employer plans.

(1) The changes in the retirement benefit obligation for the Years ended March 31, 2024 and 2023 are as follows:

(excluding the plans to which the simplified accounting method is applied)

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Balance at beginning of year	¥15,158	¥16,498	$100,118
Service cost	754	823	4,986
Interest cost	165	101	1,092
Actuarial loss (gain)	98	(1,463)	652
Retirement benefits paid	(764)	(512)	(5,049)
Decrease due to transfer	-	(288)	-
Increase resulting from changes from the simplified method to the principle method	236	-	1,561
Other	21	(0)	142
Retirement benefit obligations at end of year	¥15,671	¥15,158	$103,504

(2) The changes in plan assets for the Years ended March 31, 2024 and 2023 are as follows:

(excluding the plans to which the simplified accounting method is applied)

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Balance at beginning of year	¥12,576	¥12,694	$ 83,063
Expected return on plan assets	188	190	1,245
Actuarial gain (loss)	587	(463)	3,877
Employer's contribution	509	480	3,362
Retirement benefits paid	(410)	(325)	(2,710)
Plan assets at end of year	¥13,451	¥12,576	$88,838

(3) Changes to balance of net defined benefit liability of the plans, to which the simplified accounting method is applied, at beginning and end of year

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Balance at beginning of year	¥1,506	¥1,349	$9,951
Retirement benefit expense	225	294	1,491
Retirement benefits paid	(242)	(137)	(1,601)
Contribution to the plans	(13)	(13)	(86)
Increase (decrease) due to foreign currency translation	50	13	336
Increase resulting from changes from the simplified method to the principle method	(236)	-	(1,561)
Net defined benefit liability at end of year	¥1,291	¥1,506	$8,530

(4) Reconciliation of the ending balances of retirement benefit obligations and plan assets with the net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Funded retirement benefit obligations	¥9,198	¥9,382	$60,749
Plan assets	(13,703)	(12,814)	(90,505)
	(4,505)	(3,431)	(29,755)
Unfunded retirement benefit obligations	8,017	7,521	52,951
Net liabilities (assets) recorded on the consolidated balance sheet	3,512	4,089	23,195
Net defined benefit liability	8,017	7,523	52,951
Net defined benefit asset	(4,505)	(3,434)	(29,755)
Net liabilities (assets) recorded on the consolidated balance sheet	¥3,512	¥4,089	$23,195

(5) Retirement benefit expenses and breakdown of amounts

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Service cost	¥754	¥823	$4,986
Interest cost	165	101	1,092
Expected return on plan assets	(188)	(190)	(1,245)
Amortization of actuarial loss	204	273	1,349
Amortization of past service cost	(342)	(466)	(2,262)
Retirement benefit expense using the simplified method	225	294	1,491
Additional severance payments, etc.	23	0	157
Retirement benefit expense related to the defined benefit plans	¥843	¥836	$5,569
Losses (Gains) on termination of retirement benefit plans due to transfer.	-	(68)	-

(6) Remeasurements of defined benefit plans

The breakdowns of items recorded under remeasurements of defined benefit plans (before deduction of tax) are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Past service cost	¥ (342)	¥ (466)	$ (2,262)
Actuarial gain (loss)	692	1,273	4,575
Total	¥ 350	¥ 806	$ 2,312

(7) Accumulated remeasurements of defined benefit plans

The breakdowns of items recorded under accumulated remeasurements of defined benefit plans (before deduction of tax) are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Unrecognized past service cost	¥ 5	¥ (336)	$ 38
Unrecognized actuarial loss	116	809	769
Total	¥ 122	¥ 472	$ 808

(8) Items related to plan assets

(a) Breakdown of main items

Allocation of main plan asset items comprising the total is as follows:

	2024	2023
Domestic bonds	16.6%	16.6%
Domestic equity	3.3	2.9
Foreign bonds	26.2	25.1
Foreign equity	7.3	7.2
Alternative investments*	20.1	20.9
General life insurance accounts	12.5	13.3
Other	14.0	14.0
Total	100.0%	100.0%

* Alternative investments are mainly managed by the investment advisory company with the deposits of investment fund.

(b) Method for determining the long-term expected rate of return

In determining the long-term expected rate of return, conservative estimates are made of the assumed interest rate for the corporate pension, the current and expected allocation of plan assets, and the current and future long-term expected rate of return from the various assets that compose the plan assets.

(9) Items related to actuarial calculations

Main components used in actuarial calculations are as follows:

	2024	2023
	(%)	(%)
Discount rate	1.4	1.1
Long-term expected rate of return	1.5	1.5
Expected salary increase rate	5.9	5.2

The amounts of required contributions to the defined contribution plans of the Company and consolidated subsidiaries for the years ended March 31, 2024 and 2023 were ¥370 million ($2,448 thousand) and ¥297 million, respectively.

14. Contingent Liabilities

No applicable items.

15. Supplemental Cash Flow Information

The reconciliation between cash and cash equivalents in the consolidated statements of cash flows and cash and deposits in the consolidated balance sheets as of March 31, 2024 and 2023 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Cash and deposits	¥44,295	¥32,167	$292,555
Time deposits maturing over three months	(6,576)	(1,875)	(43,437)
Cash and cash equivalents	¥37,718	¥30,292	$249,118

16. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Sales promotion expenses	¥ 4,765	¥ 4,096	$ 31,472
Advertisement expenses	6,018	4,860	39,747
Freight expenses	17,033	16,349	112,501
Salaries and other allowances	15,591	14,370	102,976
Provision for directors' retirement benefits	35	26	231
Provision for bonuses	3,990	3,304	26,356
Provision for directors' bonuses	116	99	767
Provision for stock payments	95	40	631
Provision for directors' stock payments	103	(3)	685
Retirement benefit expense	769	554	5,083
Allowance for doubtful accounts	-	99	-

17. Research and Development Costs

Research and development costs included in selling, general and administrative expenses and manufacturing expenses for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Selling, general and administrative expenses	¥3,901	¥3,668	$25,768
Manufacturing expenses	8	13	56
Total	¥3,910	¥3,681	$25,824

18. Sale and retirement of Non- current Assets

Gain on sales of non-current assets for the year ended March 31, 2024 mainly consists of gain on sales of Machinery, equipment and vehicles. Gain on sales of non-current assets for the year ended March 31, 2023 mainly consists of gain on sales of Machinery, equipment and vehicles.

Loss on sales of non-current assets for the year ended March 31, 2024 mainly consists of loss on sales of Buildings and structures, Land. Loss on sales of non-current assets for the year ended March 31, 2023 mainly consists of loss on sales of Buildings and structures.

Loss on retirement of non-current assets for the year ended March 31, 2024 mainly consists of loss on retirement of Machinery, equipment and vehicles, Buildings and structures. Loss on retirement of non-current assets for the year ended March 31, 2023 mainly consists of loss on retirement of Machinery, equipment and vehicles.

19. Impairment Loss

For the year ended March 31, 2024, the Company recognized impairment loss of ¥377 million ($2,491 thousand) on the business assets for which there is no intended future use. With regard to business assets, the Company has reduced the book value to the recoverable amount, since the Company decided to withdraw from the businesses.

For the year end March 31, 2023, the Company recognized impairment loss of ¥610 million on the business assets for which there is no intended future use. With regard to business assets, the Company has reduced the book value to the recoverable amount, since the Company decided to withdraw from the businesses.

For the purpose of impairment testing, assets are generally grouped based on region; however, idle assets with no plans for the future usage are grouped by each asset.

The recoverable amount is higher of its fair value less costs of disposal and its value in use. Fair value less costs of disposal for which sales or other usage is unlikely, is recorded as having no value.

The details of impairment loss recognized are as follows:

(For the year end march 31, 2024)

Location	Purpose of use	Type of asset	Amount	
			Millions of yen	Thousands of U.S. dollars
Obihiro City, Hokkaido	Business assets	Buildings and structures Machinery, equipment and vehicles	¥ 197	$1,302
Kakamigahara City, Gifui	Business assets	Buildings and structures Machinery, equipment and vehicles Property, plant and equipment, others	¥ 172	$1,140
Chitose City, Hokkaido	Business assets	Machinery, equipment and vehicles	¥ 7	$48

20. Other Comprehensive Income

Reclassification adjustments and tax effects related to other comprehensive income for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Other comprehensive income			
Unrealized holding gain on securities			
Amount during the year	¥445	¥132	$2,944
Reclassification adjustments	(3)	(54)	(21)
Amount before tax effects	442	77	2,923
Tax effects	(135)	(25)	(894)
Total	¥307	¥52	$2,029
Foreign currency translation adjustments			
Amount during the year	¥5,426	¥2,386	$35,837
Reclassification adjustments	(88)	―	(584)
Amount before tax effects	5,337	2,386	35,252
Tax effects	19	(19)	129
Total	¥5,357	¥2,366	$35,382
Remeasurements of defined benefit plans			
Amount during the year	¥488	¥999	$3,225
Reclassification adjustments	(138)	(192)	(912)
Amount before tax effects	350	806	2,312
Tax effects	(107)	(245)	(707)
Total	¥243	¥560	$1,605
Total	¥5,907	¥2,980	$39,017

21. Derivative Financial Instruments

Information on derivative transactions of the Company that do not meet the criteria for hedge accounting as of March 31, 2024 and 2023 is as follows:

	Millions of yen			
	2024			
	Contract amount	Maturity over one year	Fair value	Revaluation gain/loss
Non-exchange transactions				
Forward foreign exchange contracts				
GBP Sell	¥ 4,219	-	¥ (48)	¥ (48)
EUR Buy	375		21	21
USD Buy	11,403	¥ 5,186	1,831	1,831
Total	¥ 15,998	¥ 5,186	¥ 1,804	¥1,804

	Thousands of U.S. dollars			
	2024			
	Contract amount	Maturity over one year	Fair value	Revaluation gain/loss
Non-exchange transactions				
Forward foreign exchange contracts				
GBP Sell	$ 27,870	-	$ (321)	$ (321)
EUR Buy	2,479		141	141
USD Buy	75,314	$ 34,251	12,096	12,096
Total	$ 105,664	$ 34,251	$ 11,916	$ 11,916

	Millions of yen			
	2023			
	Contract amount	Maturity over one year	Fair value	Revaluation gain/loss
Non-exchange transactions				
Forward foreign exchange contracts				
GBP Sell	¥ 3,207	-	¥ (75)	¥ (75)
USD Buy	15,427	¥ 12,089	519	519
Total	¥ 18,635	¥ 12,089	¥ 444	¥ 444

* Fair value is determined based on the price provided by the financial institutions that are counterparties to the transactions.

22. Stock Options

No applicable items.

23. Related Party Transactions

The following summarizes related party transactions for the years ended March 31, 2024 and 2023.

(1) For the year ended March 31, 2024

No applicable items.

(2) For the year ended March 31, 2023

No applicable items.

24. Per Share Information

Per share information as of March 31, 2024 and 2023 and for the years then ended is as follows:

	Yen		U.S. dollars
	2024	2023	2024
Net assets per share	¥ 1,535.49	¥ 1,393.74	$ 10.14
Net income per share	¥ 159.22	¥ 115.16	$ 1.05

Basis for calculation of net assets per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Total net assets	¥201,086	¥182,686	$ 1,328,091
Net assets attributable to common stock	¥191,751	¥174,112	$ 1,266,437
Major components of the difference			
Non-controlling interests	¥ 9,335	¥ 8,574	$ 61,653

	Number of shares	
	2024	2023
Number of common stock issued and outstanding	133,929,800	133,929,800
Treasury stock of common stock	9,050,500	9,005,241
Number of common shares used in calculation of net assets per share	124,879,300	124,924,559

Basis for calculation of net income per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Basis for calculation of net income per share			
Net income attributable to owners of parent	¥ 19,886	¥ 14,772	$ 131,339
Net income attributable to owners of parent attributable to common stock	¥ 19,886	¥ 14,772	$ 131,339
Net income attributable to owners of parent to common stock	-	-	-

	Number of shares	
	2024	2023
Average number of shares outstanding during the year	124,899,573	128,274,133

Note: The Company's own stock in the trust recorded as treasury stock under shareholders' equity includes treasury shares excluded from the average number of shares during the period used for calculating net income per share and treasury shares excluded from the number of shares outstanding at the end of the fiscal year used for calculating net assets per share. 267,811 treasury shares (253,153 shares in 2023) were excluded from the average number of shares during the year used for calculating net income per share for the year ended March 31, 2024 and 288,055 treasury shares (242,865 shares in 2023) were excluded from the number of shares outstanding used for calculating net assets per share at March 31, 2024. Diluted net income is not presented since there are no dilutive securities.

25. Revenue Recognition

1. Breakdown of revenue from contracts with customers

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Domestic production and sale of snack and other foods business	¥229,887	¥207,116	$1,518,311
Overseas production and sale of snack and other foods business	73,140	72,198	483,060
Total	¥303,027	¥279,315	$2,001,371

2. Underlying information to understand revenues

Underlying information to understand revenues is provided in "Notes to Consolidated financial statements Summary of Significant Accounting Policies (p) Recognition of revenues and expenses".

3. Information on the relationship between fulfillment of obligations under contracts with customers and cash flows resulting from such contracts, and the amount and timing of proceeds expected to be recognized in the following fiscal year or later from contracts with customers that exist at the end of this fiscal year

(1) Contract balances

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Receivables arising from an entity's contracts with customers (Beginning balance)	¥37,121	¥32,582	$245,171
Receivables arising from an entity's contracts with customers (Ending balance)	54,118	37,121	357,427

The amount of revenue recognized from performance obligations satisfied (or partially satisfied) in prior fiscal year was immaterial in the fiscal year.

(2) Transaction price allocated to the remaining performance obligations

There is no transaction price allocated to the remaining performance obligations in our group.

26. Segment Information

For the years ended March 31, 2024 and 2023, information on operating segments is not disclosed as the Company has only one reporting segment, “Production and sale of snacks and other foods.”

[Related information]

(1) Sales by product and service

	Millions of yen					
	2024					
	Snacks	Other foods	Other	Sub-Total	Deduction of rebates, etc.	Total
Sales to third parties	¥ 289,813	¥ 47,265	¥ 1,777	¥ 338,857	(35,829)	¥ 303,027

	Thousands of U.S. dollars					
	2024					
	Snacks	Other foods	Other	Sub-Total	Deduction of rebates, etc.	Total
Sales to third parties	$1,914,097	$312,172	$11,742	$2,238,011	($236,640)	$2,001,371

	Millions of yen					
	2023					
	Snacks	Other foods	Other	Sub-Total	Deduction of rebates, etc.	Total
Sales to third parties	¥ 266,487	¥ 45,701	¥ 1,643	¥ 313,832	(34,516)	¥ 279,315

(2) Information by region

Information about sales by region is as follows:

	Millions of yen				
	2024				
	Japan	America	China	Others	Total
Sales	¥ 229,887	¥ 21,526	¥ 10,760	¥ 40,853	¥ 303,027

	Thousands of U.S. dollars				
	2024				
	Japan	America	China	Others	Total
Sales	$1,518,311	$142,170	$71,066	$269,823	$2,001,371

	Millions of yen				
	2023				
	Japan	America	China	Others	Total
Sales	¥ 207,116	¥ 20,386	¥ 15,180	¥ 36,631	¥ 279,315

Information about property, plant and equipment by region is as follows:

	Millions of yen				
	2024				
	Japan	America	China	Others	Total
Property, plant and equipment	¥ 97,181	¥ 10,360	¥ 650	¥ 15,464	¥ 123,657

	Thousands of U.S. dollars				
	2024				
	Japan	America	China	Others	Total
Property, plant and equipment	$641,844	$68,424	$4,298	$102,139	$816,707

	Millions of yen				
	2023				
	Japan	America	China	Others	Total
Property, plant and equipment	¥ 79,072	¥ 9,191	¥ 731	¥ 12,537	¥ 101,533

(3) Sales by major customers

Sales by major customers for the year ended March 31, 2024 and 2023 are omitted because there are no customers more than 10% of net sales.

(4) Impairment loss on fixed assets by reporting segment

	Millions of yen				
	2024				
	Reporting segment				
	Production and sale of snacks and other foods	Total	Other	Corporate / elimination	Total
Impairment loss	¥ 377	¥ 377	-	-	¥ 377

	Thousands of U.S. dollars				
	2024				
	Reporting segment				
	Production and sale of snacks and other foods	Total	Other	Corporate / elimination	Total
Impairment loss	$ 2,491	$ 2,491	-	-	$ 2,491

	Millions of yen				
	2023				
	Reporting segment				
	Production and sale of snacks and other foods	Total	Other	Corporate / elimination	Total
Impairment loss	¥ 610	¥ 610	-	-	¥ 610

(5) Amortization and unamortized balance of goodwill by reporting segment

	Millions of yen				
	2024				
	Reporting segment				
	Production and sale of snacks and other foods	Total	Other	Corporate / elimination	Total
Amortization	¥ 2,081	¥ 2,081	-	-	¥ 2,081
Balance at end of year	¥ 22,650	¥ 22,650	-	-	¥ 22,,650

	Thousands of U.S. dollars				
	2024				
	Reporting segment				
	Production and sale of snacks and other foods	Total	Other	Corporate / elimination	Total
Amortization	$ 13,745	$ 13,745	-	-	$ 13,745
Balance at end of year	$ 149,595	$ 149,595	-	-	$ 149,595

(Note) The amount of amortization and balance at end of year related to acquisition of stock of Calbee Kaitsuka Sweet Potato,Inc. are as follows.

Amortization ¥972 million (US$6,424 thousand)
Balance at end of year ¥10,699 million (US$70,664 thousand)

	Millions of yen				
	2023				
	Reporting segment				
	Production and sale of snacks and other foods	Total	Other	Corporate / elimination	Total
Amortization	¥ 1,979	¥ 1,979	-	-	¥ 1,979
Balance at end of year	¥ 23,222	¥ 23,222	-	-	¥ 23,222

(Note) The amount of amortization and balance at end of year related to acquisition of stock of Calbee Kaitsuka Sweet Potato,Inc. are as follows.

Amortization ¥972 million
Balance at end of year ¥11,671 million

27. Business combination and other related matters

Description is omitted because of lack of materiality.

28. Subsequent events

No applicable items.