Financial Data Book

For the year ended March 31, 2026

CONSOLIDATED SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

	IFRS					
	Millions of yen (except per share information)					
Years ended March 31,	2021	2022	2023	2024	2025	2026
For the year						
Revenue	¥506,107	¥569,722	¥669,248	¥732,933	¥776,594	¥788,131
Cost of sales	324,350	375,219	448,170	474,303	503,642	519,064
Gross profit	181,756	194,502	221,078	258,630	272,951	269,066
Selling, general, and administrative expenses	136,590	151,518	173,823	197,252	209,270	218,299
Gain on investments accounted for using the equity method	5,435	3,656	7,998	13,038	13,217	12,949
Other income (expenses)	4,930	(26)	384	(1,054)	(2,530)	(1,387)
Operating profit	55,532	46,614	55,636	73,361	74,369	62,330
Finance income	702	2,568	2,313	3,554	2,430	2,752
Profit before income tax expenses	56,233	49,182	57,950	76,915	76,798	65,081
Income tax expenses	12,893	10,927	9,568	18,197	17,904	15,779
Profit attributable to noncontrolling interests	2,511	2,842	3,620	4,547	3,874	3,921
Profit attributable to owners of the parent	40,828	35,412	44,760	54,170	55,019	45,380
Comprehensive income	70,687	58,311	56,310	84,684	53,452	88,028
Per share[*1]						
Profit attributable to owners of the parent per share - primary	¥130.65	¥114.50	¥146.94	¥178.16	¥184.41	¥157.33
- diluted	129.90	113.84	146.04	177.04	183.22	156.26
Cash dividends[*1,2]	120.00	130.00	140.00	120.00	70.00	70.00
Equity[*1,3]	1,228.79	1,326.55	1,415.70	1,621.91	1,618.35	1,801.61
At year-end						
Working capital[*4]	¥68,467	¥91,664	¥81,404	¥91,351	¥68,750	¥60,712
Property, plant, and equipment, net	257,135	260,506	265,839	315,573	351,790	426,500
Total assets	663,530	683,423	708,374	812,382	848,461	981,195
Noncurrent liabilities	81,444	70,870	55,665	63,874	116,965	157,683
Equity	421,435	444,590	467,949	535,010	511,901	559,817
Research and development ("R&D") expenses	¥7,852	¥10,127	¥11,353	¥10,845	¥11,972	¥12,302
Capital expenditures	34,032	28,309	32,718	74,968	78,093	96,766
Value and Performance Indicators						
Operating margin (%)[*5]	11.0	8.2	8.3	10.0	9.6	7.9
Return on assets (%)[*6]	6.6	5.3	6.4	7.1	6.6	5.0
Return on equity (%)[*7]	11.5	8.9	10.7	11.7	11.4	9.1
Inventory turnover (times)[*8]	8.8	8.5	8.6	7.8	7.5	7.1

Note : 1. The Company implemented a three-for-one stock split of its common stock with an effective date of January 1, 2024. Basic earnings per share and diluted earnings per share have been calculated assuming the stock split was implemented at the beginning of the fiscal year ended March 31, 2021.

2. The Company implemented a three-for-one stock split of its common stock with an effective date of January 1, 2024. The dividend per share for the fiscal year ended March 31, 2024, was recorded as ¥80 for the interim dividend before the stock split and ¥40 for the year-end dividend after the stock split, resulting in a total annual dividend of ¥120.00 when simply summed up. If the stock split was not considered, the year-end dividend per share for the fiscal year ended March 31, 2024, would be ¥120, and the total annual dividend would be ¥200.

3. Equity per share (IFRS) = (Equity − noncontrolling interests) / Number of shares outstanding as of the year-end (excluding treasury share).

4. Working capital = Total current assets − Total current liabilities.

5. Operating margin (IFRS) = Operating profit / Revenue.

6. Return on assets (IFRS) = Profit attributable to owners of the parent / Average total assets.

7. Return on equity (IFRS) = Profit attributable to owners of the parent / (Average total equity − Average noncontrolling interests).

8. Inventory turnover = Cost of sales / Average total inventory.

9. Amounts presented in this summary (IFRS) are rounded down to the nearest million yen.

1. Consolidated Statement of Financial Position

Consolidated statement of financial position

	Notes	FY 3/2025 (As of March 31, 2025) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Thousands of U.S. dollars)
Assets				
Current assets				
Cash and cash equivalents	7	73,036	98,334	615,054
Trade and other receivables	8,33	115,072	114,338	715,154
Inventories	9	70,536	76,018	475,470
Income taxes receivable		465	37	232
Other financial assets	10,33	16,259	14,612	91,394
Other current assets	11	12,973	21,063	131,747
Total current assets		288,343	324,405	2,029,053
Noncurrent assets				
Property, plant, and equipment	12	351,790	426,500	2,667,631
Goodwill and intangible assets	13	19,245	21,549	134,788
Investment property	16	7,392	8,029	50,224
Investments accounted for using the equity method		112,514	121,988	763,002
Other financial assets	10,33	53,773	64,098	400,915
Deferred tax assets	17	14,278	13,836	86,540
Other noncurrent assets	11	1,122	786	4,917
Total noncurrent assets		560,118	656,790	4,108,020
Total assets		848,461	981,195	6,137,074

	Notes	FY 3/2025 (As of March 31, 2025) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Thousands of U.S. dollars)
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	18,33	144,703	149,668	936,129
Borrowings	19,33	38,039	50,782	317,629
Commercial paper	19,33	-	22,000	137,603
Accrued income taxes		5,667	9,330	58,359
Other financial liabilities	19,33	4,528	4,536	28,376
Other current liabilities	21	26,655	27,375	171,225
Total current liabilities		219,593	263,693	1,649,323
Noncurrent liabilities				
Bonds and borrowings	19,33	77,520	102,752	642,687
Other financial liabilities	19,33	16,007	24,242	151,627
Defined benefit liabilities	22	5,425	5,337	33,384
Provisions	20	341	225	1,413
Deferred tax liabilities	17	14,892	20,945	131,008
Other noncurrent liabilities	21	2,777	4,179	26,142
Total noncurrent liabilities		116,965	157,683	986,264
Total liabilities		336,559	421,377	2,635,587
Equity				
Share capital	23	25,122	25,122	157,134
Capital surplus	23	39,662	39,812	249,016
Treasury shares	23	(31,049)	(33,655)	(210,503)
Other components of equity	23	59,899	100,313	627,428
Retained earnings	23	381,893	385,575	2,411,652
Total equity attributable to owners of the parent		475,528	517,168	3,234,729
Noncontrolling interests	35	36,372	42,649	266,757
Total equity		511,901	559,817	3,501,486
Total liabilities and equity		848,461	981,195	6,137,074

2. Consolidated Statement of Income and Comprehensive Income

Consolidated statement of income and comprehensive income

	Note	FY 3/2025 (From April 1, 2024, to March 31, 2025) (Millions of yen)	FY 3/2026 (From April 1, 2025, to March 31, 2026) (Millions of yen)	FY 3/2026 (From April 1, 2025, to March 31, 2026) (Thousands of U.S. dollars)
Revenue	25	776,594	788,131	4,929,521
Cost of sales		503,642	519,064	3,246,591
Gross profit		272,951	269,066	1,682,930
Selling, general, and administrative expenses	26	209,270	218,299	1,365,392
Gain on investments accounted for using the equity method	6	13,217	12,949	80,995
Other income	27	1,830	1,493	9,341
Other expenses	27	4,360	2,880	18,017
Operating profit		74,369	62,330	389,855
Finance income	28	4,190	5,294	33,114
Finance costs	28	1,760	2,542	15,903
Profit before income tax expense		76,798	65,081	407,066
Income tax expense	17	17,904	15,779	98,696
Profit		58,894	49,302	308,370
Profit attributable to				
Owners of the parent		55,019	45,380	283,840
Noncontrolling interests	35	3,874	3,921	24,529
Profit		58,894	49,302	308,370
Earnings per share	31			
Basic earnings per share (yen)		184.41	157.33	0.98
Diluted earnings per share (yen)		183.22	156.26	0.97

Consolidated Statement of Comprehensive Income

	Note	FY 3/2025 (From April 1, 2024, to March 31, 2025) (Millions of yen)	FY 3/2026 (From April 1, 2025, to March 31, 2026) (Millions of yen)	FY 3/2026 (From April 1, 2025, to March 31, 2026) (Thousands of U.S. dollars)
Profit		58,894	49,302	308,370
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Net change in equity instruments measured at FVTOCI	30	(3,475)	13,033	81,521
Remeasurements of defined benefit plans	30	(28)	(155)	(972)
Share of other comprehensive income of investments accounted for using the equity method	30	97	(7,506)	(46,952)
Total items that will not be reclassified to profit or loss		(3,407)	5,371	33,596
Items that may be reclassified to profit or loss				
Cash flow hedges	30	(27)	67	422
Foreign currency translation differences on foreign operations	30	(9,485)	25,140	157,248
Share of other comprehensive income of investments accounted for using the equity method	30	7,478	8,146	50,953
Total items that may be reclassified to profit or loss		(2,034)	33,354	208,625
Total other comprehensive income		(5,441)	38,726	242,221
Comprehensive income		53,452	88,028	550,591
Comprehensive income attributable to				
Owners of the parent		49,708	82,326	514,929
Noncontrolling interests		3,743	5,701	35,662
Comprehensive income		53,452	88,028	550,591

3. Consolidated Statement of Changes in Equity

Consolidated statement of changes in equity

(Millions of yen)

		Equity attributable to owners of the parent						
					Other components of equity			
	Note	Share capital	Capital surplus	Treasury shares	Stock acquisition rights to shares	Foreign currency translation differences on foreign operations	Cash flow hedges	Net change in financial instruments measured at fair value through other comprehensive income
Balance at April 1, 2024		25,122	44,054	(11,341)	2,869	21,802	39	29,609
Profit		-	-	-	-	-	-	-
Other comprehensive income (loss)	30	-	-	-	-	(9,267)	(28)	(3,473)
Total comprehensive income (loss)		-	-	-	-	(9,267)	(28)	(3,473)
Acquisition of treasury shares	23	-	(59)	(40,422)	-	-	-	-
Disposal of treasury shares	23	-	(16)	46	(27)	-	-	-
Cancellation of treasury shares	23	-	(135)	20,668	-	-	-	-
Share-based payment transactions	32	-	157	-	-	-	-	-
Cash dividend paid	24	-	-	-	-	-	-	-
Changes in the ownership interest in subsidiary without a loss of control		-	(4,336)	-	-	-	-	-
Transfer from other components of equity to retained earnings		-	-	-	-	-	-	(409)
Other		-	-	-	-	-	-	-
Total transactions with owners of the parent		-	(4,391)	(19,707)	(27)	-	-	(409)
Balance at March 31, 2025		25,122	39,662	(31,049)	2,841	12,535	11	25,727
Profit		-	-	-	-	-	-	-
Other comprehensive income (loss)	30	-	-	-	-	23,322	67	13,038
Total comprehensive income (loss)		-	-	-	-	23,322	67	13,038
Acquisition of treasury shares	23	-	(25)	(20,448)	-	-	-	-
Disposal of treasury shares	23	-	-	348	(162)	-	-	-
Cancellation of treasury shares	23	-	-	17,493	-	-	-	-
Share-based payment transactions	32	-	207	-	-	-	-	-
Cash dividend paid	24	-	-	-	-	-	-	-
Change from business combination		-	-	-	-	-	-	-
Changes in the ownership interest in subsidiary without a loss of control		-	(31)	-	-	-	-	-
Transfer from other components of equity to retained earnings		-	-	-	-	-	-	(3,952)
Other		-	-	-	-	-	-	-
Total transactions with owners of the parent		-	149	(2,605)	(162)	-	-	(3,952)
Balance at March 31, 2026		25,122	39,812	(33,655)	2,679	35,857	78	34,812

(Millions of yen)

		Equity attributable to owners of the parent						
		Other components of equity						
	Note	Remeasurements of defined benefit plans	Share of other comprehensive income of investments accounted for using the equity method	Total	Retained earnings	Total	Noncontrolling interests	Total
Balance at April 1, 2024		-	11,249	65,570	369,779	493,185	41,824	535,010
Profit		-	-	-	55,019	55,019	3,874	58,894
Other comprehensive income (loss)	30	(117)	7,575	(5,311)	-	(5,311)	(130)	(5,441)
Total comprehensive income (loss)		(117)	7,575	(5,311)	55,019	49,708	3,743	53,452
Acquisition of treasury shares	23	-	-	-	-	(40,482)	-	(40,482)
Disposal of treasury shares	23	-	-	(27)	-	1	-	1
Cancellation of treasury shares	23	-	-	-	(20,533)	-	-	-
Share-based payment transactions	32	-	-	-	-	157	-	157
Cash dividend paid	24	-	-	-	(22,633)	(22,633)	(1,416)	(24,049)
Changes in the ownership interest in subsidiary without a loss of control		-	-	-	-	(4,336)	(7,656)	(11,993)
Transfer from other components of equity to retained earnings		117	(40)	(331)	331	-	-	-
Other		-	-	-	(70)	(70)	(123)	(194)
Total transactions with owners of the parent		117	(40)	(359)	(42,905)	(67,364)	(9,195)	(76,560)
Balance at March 31, 2025		-	18,784	59,899	381,893	475,528	36,372	511,901
Profit		-	-	-	45,380	45,380	3,921	49,302
Other comprehensive income (loss)	30	(121)	639	36,946	-	36,946	1,779	38,726
Total comprehensive income (loss)		(121)	639	36,946	45,380	82,326	5,701	88,028
Acquisition of treasury shares	23	-	-	-	-	(20,474)	-	(20,474)
Disposal of treasury shares	23	-	-	(162)	(150)	36	-	36
Cancellation of treasury shares	23	-	-	-	(17,493)	-	-	-
Share-based payment transactions	32	-	-	-	-	207	-	207
Cash dividend paid	24	-	-	-	(20,331)	(20,331)	(1,330)	(21,661)
Change from business combination		-	-	-	-	-	2,140	2,140
Changes in the ownership interest in subsidiary without a loss of control		-	-	-	-	(31)	(123)	(155)
Transfer from other components of equity to retained earnings		121	7,460	3,629	(3,629)	-	-	-
Other		-	-	-	(94)	(94)	(111)	(205)
Total transactions with owners of the parent		121	7,460	3,467	(41,698)	(40,687)	574	(40,112)
Balance at March 31, 2026		-	26,885	100,313	385,575	517,168	42,649	559,817

(Thousands of U.S. dollars)

	Note	Equity attributable to owners of the parent						
					Other components of equity			
		Share capital	Capital surplus	Treasury shares	Stock acquisition rights to shares	Foreign currency translation differences on foreign operations	Cash flow hedges	Net change in financial instruments measured at fair value through other comprehensive income
Balance at March 31, 2025		157,134	248,079	(194,205)	17,772	78,404	76	160,914
Profit		-	-	-	-	-	-	-
Other comprehensive income (loss)	30	-	-	-	-	145,874	425	81,553
Total comprehensive income (loss)		-	-	-	-	145,874	425	81,553
Acquisition of treasury shares	23	-	(162)	(127,897)	-	-	-	-
Disposal of treasury shares	23	-	0	2,181	(1,015)	-	-	-
Cancellation of treasury shares	23	-	-	109,417	-	-	-	-
Share-based payment transactions	32	-	1,296	-	-	-	-	-
Cash dividend paid	24	-	-	-	-	-	-	-
Change from business combination		-	-	-	-	-	-	-
Changes in the ownership interest in subsidiary without a loss of control		-	(196)	-	-	-	-	-
Transfer from other components of equity to retained earnings		-	-	-	-	-	-	(24,723)
Other		-	-	-	-	-	-	-
Total transactions with owners of the parent		-	936	(16,298)	(1,015)	-	-	(24,723)
Balance at March 31, 2026		157,134	249,016	(210,503)	16,756	224,279	500	217,743

(Thousands of U.S. dollars)

	Note	Equity attributable to owners of the parent						
		Other components of equity						
		Remeasurements of defined benefit plans	Share of other comprehensive income of investments accounted for using the equity method	Total	Retained earnings	Total	Noncontrolling interests	Total
Balance at March 31, 2025		-	117,491	374,653	2,388,624	2,974,286	227,501	3,201,787
Profit		-	-	-	283,840	283,840	24,529	308,370
Other comprehensive income (loss)	30	(760)	4,001	231,088	-	231,088	11,132	242,221
Total comprehensive income (loss)		(760)	4,001	231,088	283,840	514,929	35,662	550,591
Acquisition of treasury shares	23	-	-	-	-	(128,060)	-	(128,060)
Disposal of treasury shares	23	-	-	(1,015)	(938)	227	-	227
Cancellation of treasury shares	23	-	-	-	(109,417)	-	-	-
Share-based payment transactions	32	-	-	-	-	1,296	-	1,296
Cash dividend paid	24	-	-	-	(127,165)	(127,165)	(8,318)	(135,484)
Change from business combination		-	-	-	-	-	13,385	13,385
Changes in the ownership interest in subsidiary without a loss of control		-	-	-	-	(196)	(773)	(970)
Transfer from other components of equity to retained earnings		760	46,665	22,701	(22,701)	-	-	-
Other		-	-	-	(588)	(588)	(697)	(1,286)
Total transactions with owners of the parent		760	46,665	21,686	(260,812)	(254,487)	3,594	(250,892)
Balance at March 31, 2026		-	168,157	627,428	2,411,652	3,234,729	266,757	3,501,486

4. Consolidated Statement of Cash Flows

Consolidated statement of cash flows

	Note	FY 3/2025 (From April 1, 2024, to March 31, 2025) (Millions of yen)	FY 3/2026 (From April 1, 2025, to March 31, 2026) (Millions of yen)	FY 3/2026 (From April 1, 2025, to March 31, 2026) (Thousands of U.S. dollars)
Operating activities				
Profit before tax		76,798	65,081	407,066
Depreciation and amortization		33,237	35,897	224,524
Impairment losses		2,841	264	1,654
Increase (decrease) in defined benefit liabilities		288	43	269
Finance income and costs		(2,478)	(2,886)	(18,054)
(Gain) loss on investments accounted for using the equity method		(13,217)	(12,949)	(80,995)
(Gain) loss on sales and retirement of property, plant and equipment and others		381	811	5,073
(Increase) decrease in inventories		(7,391)	(394)	(2,469)
(Increase) decrease in trade and other receivables		158	4,164	26,048
Increase (decrease) in trade and other payables		(18,908)	1,520	9,509
Other		(2,948)	(5,383)	(33,671)
Subtotal		68,763	86,168	538,957
Interest and dividends received		8,184	10,196	63,774
Interest paid		(1,354)	(3,026)	(18,930)
Income taxes paid		(19,818)	(13,067)	(81,732)
Income taxes refunded		1,283	160	1,004
Cash flows from operating activities		57,058	80,431	503,073
Investing activities				
Payments into time deposits		(15,531)	(10,143)	(63,443)
Proceeds from redemption of time deposits		13,855	14,944	93,474
Payment for purchases of property, plant and equipment and others		(70,679)	(83,337)	(521,251)
Proceeds from sales of property, plant and equipment and others		195	179	1,121
Payment for acquisition of intangible assets		(791)	(1,245)	(7,787)
Payment for purchases of investments in securities		(162)	(1,433)	(8,963)
Proceeds from sales and redemption of investments in securities		416	9,800	61,297
Proceeds from sales of marketable securities		4,486	-	-
Payment for purchase of shares of subsidiaries resulting in change in scope of consolidation		(8,501)	(1,422)	(8,894)
Other		2	(0)	(0)
Cash flows from investing activities		(76,708)	(72,657)	(454,447)
Financing activities				
Net increase (decrease) in short-term borrowings	29	18,711	6,022	37,667
Net increase (decrease) in commercial paper	29	-	22,000	137,603
Proceeds from long-term borrowings	29	20,488	44,290	277,026
Repayment of long-term borrowings	29	(8,070)	(14,671)	(91,767)
Proceeds from issuance of bonds	29	49,829	-	-
Repayments of lease liabilities	29	(5,312)	(4,307)	(26,942)
Net increase in treasury shares		(40,482)	(20,474)	(128,060)
Cash dividends paid		(22,633)	(20,331)	(127,165)
Cash dividends paid to non-controlling-interest shareholders		(1,416)	(1,330)	(8,318)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation		(11,706)	(155)	(970)
Other		0	-	-
Cash flows from financing activities		(591)	11,043	69,071
Effect of exchange rate changes on cash and cash equivalents		(3,381)	6,481	40,537
Net increase (decrease) in cash and cash equivalents		(23,623)	25,298	158,236
Cash and cash equivalents at beginning of the period	7	96,659	73,036	456,818
Cash and cash equivalents at end of the period	7	73,036	98,334	615,054

1. Reporting Entity

Nissin Foods Holdings Company Limited (hereinafter, the "Company") is a stock company domiciled in Japan. The addresses of its registered head office and main offices are disclosed on the Company’s website (https://www.nissin.com/jp/company/).

The Company’s consolidated financial statements comprise the Company and its subsidiaries (hereinafter, the "Group") and interests in the Company’s associates.

Details of each business and principal activities of the Group are described in Note 6 "Segment Information".

2. Basis of Preparation

(1) Compliance with International Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards.

Since the requirements for "Specified Company of Designated International Accounting Standards" set forth in Article 1-2 of the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" are satisfied, the Group adopted the provisions of Article 312 of the same Ordinance.

The Group’s consolidated financial statements were approved by Takashi Yano, Executive Officer and Chief Financial Officer, on September 1, 2026.

(2) Functional currency and presentation currency

The Group’s consolidated financial statements are presented in Japanese yen, which is also the Company’s functional currency.

Amounts presented in the consolidated financial statements are rounded down to the nearest million yen and thousand dollars.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan using the exchange rate of ¥159.88 to $1.00, the approximate rate of exchange on March 31, 2026.

The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

3. Significant Accounting Policies

(1) Basis of consolidation

The consolidated financial statements include financial statements of the Company and its subsidiaries, and interests in investments in associates.

1) Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group considers that it has control over an entity when it has exposures to variable returns arising from its involvement with the entity, or when it has rights on the returns and has the ability to affect those returns through the exercise of its power over the entity.

The acquisition date of a subsidiary is the date on which the Group obtained control of the subsidiary, and the subsidiary is included in the consolidation from the date of acquisition until the date on which the Group loses control.

In cases where the accounting policies applied by a subsidiary are different from those applied by the Group, adjustments are made to the subsidiary’s financial statements, if necessary.

The fiscal year end date of some subsidiaries is different from that of the Group since it is impracticable to unify the fiscal year end date primarily due to local regulations and laws enforced in the regions where the subsidiaries are located.

In such cases, the financial figures of the subsidiaries based on provisional closing on the fiscal year end of the Company are used.

All material intragroup transactions, assets, liabilities, and unrealized gains or losses arising from intragroup transactions are eliminated in consolidation.

Comprehensive income of the subsidiaries is attributed to the owners of the parent and to the noncontrolling interests even if noncontrolling interests have a deficit balance.

Changes in the Company’s ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Any difference between the adjustment to the noncontrolling interests and the fair value of the consideration is recognized directly in equity attributable to the owners of the parent.

If the Group loses control over a subsidiary, gains or losses derived from such loss of control of the subsidiary shall be recognized in profit or loss.

2) Associates

An associate is an entity over which the Group has significant influence.

Investments in associates are accounted for using the equity method from the date on which the Group obtained the significant influence until the date on which it ceases to have the influence.

In cases where the accounting policies applied by an associate are different from those applied by the Group, adjustments are made to the associate’s financial statements, if necessary.

The fiscal year end date of the associates is different from that of the Group since it is impracticable to unify the fiscal year end date primarily due to local regulations and laws enforced in the regions where the associates are located or where the stocks of the associates are listed or due to relations with other shareholders.

(2) Business combinations

Business combinations are accounted for using the acquisition method. Consideration transferred in a business combination is measured as the sum of the acquisition-date fair value of the assets transferred in exchange for control over an acquiree, the liabilities assumed, and equity interests issued by the Company.

The identifiable assets acquired and the liabilities assumed in the acquiree are measured at their acquisition-date fair values, except:

1) Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, which are recognized and measured in accordance with International Accounting Standard (hereinafter, "IAS") 12 "Income Taxes," and IAS 19 "Employee Benefits", respectively.
2) Assets and disposal groups classified as held for sale at the acquisition date in accordance with IFRS 5 "Noncurrent Assets Held for Sale and Discontinued Operations," which are measured in accordance with IFRS 5.
3) Liabilities or equity instruments related to share-based payment transactions of the acquiree or share-based payment transactions of the Company entered into to replace such transactions of the acquiree, which are measured in accordance with IFRS 2 "Share-Based Payment."

The excess of the sum of the consideration transferred, the amount recognized for noncontrolling interest in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree over the acquisition-date fair value of the identifiable assets acquired and liabilities assumed is recorded as goodwill in the consolidated statement of financial position.

If the excess is negative, then a gain from a bargain purchase is recognized as profit in the consolidated statement of income.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the items for which the accounting is incomplete are measured by provisional amounts.

Where new information obtained during the measurement period, which shall not exceed one year from the acquisition date, if known, would have affected the measurement of the amounts recognized as of that date, the provisional amounts recognized at the acquisition date are retrospectively adjusted.

Acquisition-related costs are expensed when incurred. The Group accounts for the acquisition of additional noncontrolling interests as an equity transaction and, accordingly, it does not recognize goodwill attributable to such transactions.

(3) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions, or an approximation of the rate. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rates at the end of each reporting period.

Differences arising from the translation and settlement are recognized in profit or loss. However, exchange differences arising from translation or settlement of financial assets measured at fair value through other comprehensive income (hereinafter, "FVTOCI") and cash flow hedges are recognized in other comprehensive income.

The assets and liabilities (including goodwill recognized in acquisition and adjustment of fair values) of foreign operations are translated into Japanese yen using the exchange rates at the end of each reporting period, while income and expenses of foreign operations are translated into Japanese yen using the average exchange rate for the period, unless there was a significant change in the exchange rate during the period. Differences arising from the translation are recognized in other comprehensive income.

On the disposal of the interest in a foreign operation, the cumulative amount of the foreign currency translation difference related to the foreign operation is reclassified to profit or loss in the same period.

(4) Financial instruments

1) Nonderivative financial assets

(A) Classification

The Group classifies financial assets other than derivatives into financial assets measured at amortized cost, financial assets measured at FVTOCI, and financial assets measured at fair value through profit or loss (hereinafter, "FVTPL").

(a) Financial assets measured at amortized cost

Investments in debt instruments with contractual cash flows, which are solely payments of principal and interest on the principal amount outstanding and which are held in order to collect the contractual cash flows are measured at amortized cost.

(b) Debt instruments measured at FVTOCI

Financial assets are classified as debt instruments measured at FVTOCI if both of the following conditions are met:

・The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and sell the asset.
・The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Equity instruments measured at FVTOCI

Financial assets, other than those measured at amortized cost or debt instruments at FVTOCI, whose subsequent changes in the fair value were irrevocably designated at initial recognition as measured at FVTOCI, are classified as financial assets measured at FVTOCI.

(d) Financial assets measured at FVTPL

Financial assets, other than those measured at amortized cost or FVTOCI, are classified as financial assets measured at FVTPL. Financial assets measured at FVTPL are measured at fair value at initial recognition, and transaction costs are recognized in profit or loss when incurred.

(B) Initial recognition and measurement
The Group recognizes financial assets when the Group becomes a party to the contractual provisions for the financial assets.

(C) Subsequent measurement
Financial assets are measured according to their classification after initial recognition.

(a) Financial assets measured at amortized cost
Financial assets measured at amortized cost are measured at amortized cost using the effective interest method. Interest incurred is included in finance income in the consolidated statement of income.

(b) Financial assets measured at FVTOCI
(b-1) Debt instruments measured at FVTOCI
Changes in the fair value of debt instruments measured at FVTOCI are recognized in other comprehensive income, except impairment gain or loss and currency exchange difference, until the instruments are derecognized.

When the asset is derecognized, the amount previously recognized in other comprehensive income is transferred to profit or loss.

(b-2) Equity instruments measured at FVTOCI
Changes in the fair value of equity instruments measured at FVTOCI are recognized in other comprehensive income. When the asset is derecognized, or its fair value declines significantly, the amount previously recognized in other comprehensive income is transferred directly to retained earnings.

Dividends from the financial assets are recognized in profit or loss.

(c) Financial assets measured at FVTPL
Financial assets measured at FVTPL are measured at fair value after initial recognition, and the changes in the fair value are recognized in profit or loss.

(D) Derecognition
Financial assets are derecognized when the contractual rights to the cash flow expire or are transferred or when substantially all the risks and rewards of ownership are transferred. Financial assets are derecognized on the date of the sale when sold in a normal manner.

(E) Impairment loss of financial assets
The Group recognizes an allowance for doubtful accounts on expected credit loss of financial assets measured at amortized cost and debt instruments measured at FVTOCI.

(Determining significant increases in credit risks)
The Group assesses at the end of each reporting period whether the credit risks of financial instruments have significantly increased after initial recognition.

The Group determines whether the credit risk has significantly increased based on changes in the risk of a default occurring after initial recognition, and in assessing whether there is any change in the risk of default, the Group takes into account the following matters:
・Deterioration of the counterparty’s financial condition
・Past due information
・Significant changes in credit ratings provided by third-party agencies

(Expected credit loss approach)
Expected credit losses are the present value of the difference between contractual cash flows the Group has a right to receive pursuant to a contract and the cash flows expected to be received by the Group.

If the credit risk on a financial asset has increased significantly after initial recognition, the Group measures the allowance for doubtful accounts for the financial asset at an amount equal to the lifetime expected credit loss.

If the credit risk has not increased significantly, the Group measures the allowance for doubtful accounts for that financial asset at an amount equal to the 12-month expected credit loss.

Notwithstanding the above, the Group measures the allowance for doubtful accounts at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

The provision for the allowance for doubtful accounts for financial assets is recognized in profit or loss.

2) Nonderivative financial liabilities
Financial liabilities are classified into financial liabilities measured at FVTPL or financial liabilities measured at amortized cost at initial recognition.

The Group recognizes financial liabilities measured at amortized cost on the issue date and other financial liabilities on the transaction date when the Group becomes a party to the contractual provisions.

The Group derecognizes financial liabilities when they are extinguished, i.e., when the obligation specified in the contract is discharged, canceled, or expired.

(A) Financial liabilities measured at FVTPL
Financial liabilities measured at FVTPL are measured at fair value at initial recognition and thereafter. The subsequent changes in fair value are recognized in profit or loss.

(B) Financial liabilities measured at amortized cost
Financial liabilities other than those measured at FVTPL are classified as financial liabilities measured at amortized cost. Financial liabilities measured at amortized cost are measured at the fair value, less transaction costs that are directly attributable to the issue of the financial liabilities at initial recognition.

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method after initial recognition, and interest incurred is included in finance costs in the consolidated statement of income.

3) Derivatives and hedge accounting
Derivatives are initially measured at fair value at the date the contract is entered into, and are subsequently remeasured at fair value at the end of each reporting period.

The Group utilizes derivatives, including forward foreign exchange contracts and interest rate swap contracts to mitigate risks, such as foreign exchange and interest rate.

If derivatives are designated as hedging instruments, the nature of the hedged item determines how gain or loss resulting from remeasurement is recognized.

The Group designates derivatives as hedging instruments of cash flow hedges (i.e., hedging exposure to changes in cash flows from recognized assets or liabilities, or specific risks related to highly probable forecasted transactions).

At the inception of hedges, the Group documents the hedging relationship between a hedging instrument and hedged item to which hedge accounting is applied and the objectives and strategies of risk management for undertaking the hedge.

When a derivative used for hedging offsets the fair value of a hedged item or changes in cash flows, the Group assesses and documents at the inception of the hedging relationship and on an ongoing basis whether the hedging relationship meets the hedge effectiveness requirements.

The Group performs an ongoing assessment of hedge effectiveness at the end of each reporting period or, if earlier, upon a significant change in circumstances affecting the hedge effectiveness requirements.

Hedges that qualify for stringent requirements for hedge accounting are accounted for as follows:

(A) Fair value hedges
Gains or losses on hedging instruments are recognized in profit or loss. Gains or losses on hedged items are recognized in profit or loss with adjusting carrying amounts of the hedged items.

(B) Cash flow hedges
The effective portion of gain or loss on hedging instruments is recognized in other comprehensive income, while the ineffective portion is recognized immediately in profit or loss.

The amounts of hedging instruments recognized in other comprehensive income are reclassified to profit or loss when the transactions of the hedged items affect profit or loss.

In cases where hedged items result in the recognition of nonmonetary assets or liabilities, the amounts recognized in other comprehensive income are accounted for as adjustments to the original carrying amount of nonmonetary assets or liabilities.

When hedged future cash flow is no longer expected to occur, any related cumulative gain or loss that has been recognized in equity as other comprehensive income is reclassified to profit or loss.

When hedged future cash flow is still expected, any related cumulative gain or loss that has been recognized in equity as other comprehensive income remains in equity until the future cash flow occurs.

4) Offsetting financial assets and financial liabilities
A financial asset and a financial liability are offset and presented as a net amount in the consolidated statement of financial position only when the Group has a legally enforceable right to set off recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5) Fair value of financial instruments
Fair value of financial instruments that are being traded in active financial markets at the end of each reporting period refers to quoted prices or dealer quotations. If there is no active market, fair value of financial instruments is determined using appropriate valuation models.

Determined fair value is classified into three levels according to observability of the inputs of valuation techniques used to measure the fair value.

Level 1 is measured at quoted prices in active markets for identical assets or liabilities.

Level 2 is the fair value of assets or liabilities other than those measured at Level 1, and is measured with inputs that are observable for the asset or liability, either directly or indirectly.

Level 3 is measured with inputs that are unobservable for the asset or liability.

6) Finance income and finance costs

Finance income mainly consists of interest income, dividend income, and derivative gain, excluding gains on hedging instruments, which are recognized in other comprehensive income. Interest income is recognized upon occurrence using the effective interest method.

Finance costs mainly consist of interest expense and derivative loss, excluding losses on hedging instruments, which are recognized in other comprehensive income.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, and due within three months from the date of acquisition.

(6) Inventories

The acquisition cost of inventories includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Inventories are measured at the lower of acquisition cost or net realizable value, and the costs are determined by primarily using the weighted-average method. Net realizable value is determined as the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

(7) Property, plant, and equipment

Property, plant, and equipment are measured by using the cost model and is stated at cost, less accumulated depreciation and accumulated impairment losses.

The acquisition cost includes any costs directly attributable to the acquisition of the asset; and dismantlement, removal, and restoration costs; as well as borrowing costs eligible for capitalization.

Except for assets that are not subject to depreciation, such as land, assets are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives of major asset items are as follows:

- Buildings and structures: 15 to 50 years
- Machinery: 10 years
- Tools and fixtures: 2 to 22 years

The estimated useful lives and depreciation method are reviewed at each fiscal year end with the effect of any changes in estimate being accounted for on a prospective basis.

Upon derecognition of property, plant, and equipment, net proceeds from disposal or sales, less the carrying amount are recognized in profit or loss.

(8) Investment property

Investment property is property held to earn rentals or for capital appreciation or both.

Investment property is measured by using the cost model for property, plant, and equipment and is stated at cost, less accumulated depreciation and accumulated impairment losses.

Except for land, assets are depreciated using the straight-line method over their estimated useful lives.

(9) Goodwill and intangible assets

1) Goodwill

Goodwill is not amortized and is stated at acquisition cost, less accumulated impairment losses. Goodwill is allocated to assets, cash-generating units, or groups of cash-generating units that are identified according to location and type of business, and tested for impairment annually or more frequently if there is any indication of impairment.

Impairment losses on goodwill are recognized in profit or loss, and no subsequent reversal is made.

2) Intangible assets

Intangible assets are measured by using the cost model and are stated at cost, less accumulated amortization and impairment losses.

Separately acquired intangible assets are measured at cost at initial recognition, and the costs of intangible assets acquired in business combinations are recognized at fair value at the acquisition date.

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives.

The estimated useful lives of major intangible assets with finite useful lives are as follows:

- Software: 5 years
- Trademark: 10 to 20 years

The estimated useful lives and amortization method of intangible assets are reviewed at each fiscal year end, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are not amortized, but they are tested for impairment annually or more frequently if there is any indication of impairment.

Expenditures on research activities to obtain new scientific or technical knowledge are recognized as expenses when they are incurred.

Expenditures on development activities are capitalized as intangible assets if, and only if, they are reliably measurable, they are technically and commercially feasible, it is highly probable that they will generate future economic benefits, and the Group intends and has adequate resources to complete their development and use or sell them.

(10) Lease

(Lessee)
Lease liabilities are initially measured at the present value of the accrued lease payments. Right-of-use assets are measured at the initial amount of the lease liabilities adjusted for any initial direct costs and any prepaid lease payments, plus any costs, including restoration obligation and other factors under lease contracts.
The lease term is determined by adjusting an estimated reasonably certain option term to the noncancelable term under the lease agreement.
Right-of-use assets are depreciated using the straight-line method over their estimated useful lives or the lease term, whichever is shorter.
Lease payments are apportioned between financial costs and the reduction of the outstanding liability using the interest method. Financial costs are recognized in the consolidated statement of income.
The Group does not recognize right-of-use assets and lease liabilities for short-term leases, with a lease term of 12 months or less and leases for which the underlying asset is of low-value assets. The Group recognizes the lease payments associated with these leases as expenses on either a straight-line basis or another systematic basis over the lease term.

(Lessor)
Lease payments under operating leases as income are recognized on a straight-line basis over the lease term. Rent income from subleased property is recognized as income.

(11) Impairment loss of nonfinancial assets
The Group assesses at the end of each fiscal year whether there is any indication that each asset, or the cash-generating unit (or the group of cash-generating units) to which the asset belongs, may be impaired.
When there is any indication of impairment, the recoverable amount of the asset is estimated. The recoverable amount of goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are estimated at the same time of every fiscal year.
The recoverable amount of an asset or cash-generating unit is measured at the higher of its fair value, less costs of disposal, or its value in use.
In determining the value in use, estimated future cash flows are discounted to the present value using pretax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset.
In determining the fair value, less costs of disposal, the Group uses an appropriate valuation model supported by available fair value indicators. Only if the recoverable amount of an asset or cash-generating unit falls below its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss recognized.
The Group assesses whether there is any indication that an impairment loss recognized for an asset other than goodwill in prior years may no longer exist or may have decreased, such as if there are any changes in assumptions used for the determination of the recoverable amount.
If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated. In cases where the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, impairment loss is reversed up to the lower of the estimated recoverable amount, or the carrying amount (net of depreciation) that would have been determined if no impairment loss had been recognized in prior years.

(12) Assets held for sale
An asset or asset group that is expected to be recovered through a sale transaction rather than through continuing use is classified as a noncurrent asset or into a disposal group held for sale when the following conditions are met:
It is highly probable that the asset or asset group will be sold within one year, the asset or asset group is available for immediate sale in its present condition, and Group management is committed to the sale plan. In such cases, the noncurrent asset is not depreciated or amortized, and is measured at the lower of its carrying amount and its fair value, less costs of disposal.

(13) Employee benefits
1) Postemployment benefits
The Group has corporate pension fund plans, employee pension fund plans, and lump-sum payment plans as defined benefit pension plans. Also, the Company and certain consolidated subsidiaries have defined contribution plans, in addition to defined benefit pension plans.
Regarding defined benefit plans, current service costs are calculated using the projected unit credit method in actuarial calculations made at the fiscal year end date, and service costs and net interest are recognized in profit or loss when incurred.
As for the discount rate, the discount period is determined based on the period until the expected date of benefit payments in each fiscal year, and the discount rate is determined by reference to market yields on high-quality corporate bonds at the end of the fiscal year corresponding to the discount period.
All of the actuarial gains/losses incurred in the period are recognized in other comprehensive income, and the cumulative amount that is recognized as other components of equity is immediately reclassified to retained earnings. Net retirement benefit liabilities are the present value of defined benefit obligations, less fair value of plan assets.
Regarding defined contribution plans, the amount of contributions by the Group is recognized as expenses at the time employees render services that give entitlement to the benefit.

2) Other employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis, and are recognized as an expense when the related services are rendered.

For bonuses, when there is a present legal or constructive obligation to make payments of bonuses and a reliable estimate of the obligation can be made, the estimated amount to be paid is accounted for as a liability.

For paid absence obligations, when there is a legal or constructive obligation with respect to accumulating paid absence systems and a reliable estimate of the obligation can be made, the estimated amount to be paid based on those systems is accounted for as a liability.

(14) Share-based payments

The Company introduced a framework referred to as Board Benefit Trust (BBT), which is a share-based payment plan for the directors and other executives, in order to increase motivation of directors to enhance the Group's performance and increasing corporate value over the medium to long term. The fair value of equity-settled share-based payment plan on the grant date is recognized as an expense over the vesting period, and the corresponding is recognized as an increase in capital. The fair value of cash-settled share-based payment plan is recognized as an expense over the vesting period, and the corresponding amount is recognized as an increase in liabilities. In addition, the fair value of the liabilities is remeasured at the end of the period and the settlement date, and changes in fair value are recognized as net profit or loss. With the introduction of the share-based payment plan, the stock option plan has been discontinued, except for those already granted.

(15) Provisions

Provisions are recognized if the Group has present obligations (i.e., legal or constructive obligations) as a result of past events, if it is probable that settling the obligations will require outflows of resources embodying economic benefits and if the obligations can be estimated reliably.

Where the effect of the time value of money is material, the amount of provisions is measured at the present value of the expenditures expected to be required to settle the obligations.

In calculating the present value, the Group uses the pretax discount rate reflecting current market assessments of the time value of money and the risks specific to the liability. Increases due to passage of time are recognized as finance costs.

(Asset retirement obligations)

Costs for restoring of leased property used by the Group to its original condition or removal of hazardous materials associated with the property are estimated based on historical experience and recognized as a provision for asset retirement obligations.

While these costs are expected to be incurred after more than one year, they will be affected by future business plans.

(Provision for losses on lawsuits)

For provisions for losses due to payment of compensation for damages that could arise as a result of lawsuits, the estimated loss resulting from the payment of compensation for damages is recognized if a lawsuit is filed and if it is probable that compensation for damages to an outside third party will have to be paid.

(16) Revenue from contracts with customers

The Group recognizes revenue in the amount that reflects a consideration to which the Group expects to be entitled in exchange for the transfer of goods and services to customers, based on the following five-step approach:

Step 1: Identify the contracts with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to separate performance obligations

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group sells consumer products, including instant noodles, chilled noodles, frozen noodles, confectionery, and beverages. For sales of such products, the performance obligation is judged to have been satisfied upon delivery of the products because the customer obtains control over the products upon delivery. Therefore, the revenue is recognized upon delivery.

Revenue is measured at the consideration promised in a contract with a customer, less discounts, rebates, returned products, and other items.

(17) Government grants

Government grants are recognized at fair value when there is a reasonable assurance that the Group will comply with the conditions attached to them and receive the grants. With regard to government grants related to an acquisition of assets, the amount of grants is deducted from the acquisition cost of the assets.

(18) Income tax expenses

Income tax expenses consist of current income taxes and deferred income taxes. Income tax expenses are recognized in profit or loss, except for taxes related to business combinations and taxes related to items that are recognized directly in equity or in other comprehensive income.

1) Current income tax

Tax expenses for the period are measured at the amount of income taxes payable in respect of the taxable profit for a period. These tax amounts are calculated based on tax rates that have been enacted, or substantially enacted, at the end of the period.

2) Deferred income tax
Deferred income taxes are calculated based on the temporary differences between the tax base of assets and liabilities and the carrying amount at the end of each reporting date.
A deferred tax asset is recognized for deductible temporary differences, carryforward of unused tax losses, and tax credits that will reduce future tax obligations to the extent that it is probable that future taxable profit will be available against which they can be utilized. A deferred tax liability is recognized for all taxable temporary differences in principle.
The deferred tax asset or liability is not recognized for the following temporary differences from:
(A) Goodwill
(B) Temporary differences arising from initial recognition of assets and liabilities in transactions, if the transactions are not business combinations, affect neither accounting profit nor taxable profit, and do not give rise to equal taxable and deductible temporary differences

The deferred tax liability for the taxable temporary differences associated with investments in subsidiaries and associates is not recognized to the extent that it is highly probable that the timing of the reversal of the temporary difference is able to be controlled, and the temporary difference will not reverse in the foreseeable future.
The deferred tax asset for the deductible temporary differences arising from investments in subsidiaries and associates is recognized to the extent that it is highly probable that the temporary difference will reverse in the foreseeable future, and there will be sufficient taxable profits against which the deductible temporary differences can be utilized.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the fiscal year in which the related temporary differences will reverse based on tax rates that have been enacted or substantially enacted by the fiscal year end.
Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity, or income taxes are levied on different taxable entities, but these entities intend to settle the current tax assets and liabilities on a net basis or these current tax assets and liabilities will be realized simultaneously.
The Group has adopted exceptions for the recognition and disclosure of deferred tax assets and deferred tax liabilities arising from enacted, or substantively enacted, tax laws in order to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development (OECD).

(19) Equity
1) Ordinary shares
For ordinary shares, their issue prices are recorded in share capital and share surplus. Cost (net of tax) associated with the issue of ordinary shares is deducted from share capital and capital surplus.

2) Treasury shares
When the Group acquires shares of the Company, the amount of the consideration paid, including transaction costs directly attributable to the acquisition, is deducted from equity. When the Group disposes of treasury shares, the difference between the carrying amount and the consideration received from the disposal is recognized in equity.

(20) Earnings per share
Basic earnings per share are calculated by dividing profit or loss for a period attributable to ordinary shareholders of the parent company by the weighted-average number of ordinary shares issued, adjusted by the number of treasury shares during the period.
Diluted earnings per share are calculated by adjusting the effects of dilutive potential ordinary shares.

4. Significant Accounting Estimates and Judgements on Estimates

In preparing the consolidated financial statements in accordance with IFRS Accounting Standards, management is required to apply accounting policies and make judgements, estimates, and assumptions that affect the amounts of assets, liabilities, income, and expenses.

These estimates and assumptions are reviewed continuously.

The effects of changes in estimates are recognized in the period of the change and in future periods.

The following are significant accounting estimates and judgements associated with estimates in the consolidated financial statements of the Group:

(A) Financial Instruments (3. Significant Accounting Policies (4) Financial instruments, 10. Other Financial Assets, and 33. Financial Instruments)

(B) Impairment Loss of Nonfinancial Assets (3. Significant Accounting Policies (11) Impairment loss of nonfinancial assets and 14. Impairment Loss of Nonfinancial Assets)

(C) Recoverability of deferred tax assets (3. Significant Accounting Policies (18) Income tax expenses and 17. Income Taxes)

(D) Accounting and valuation of provisions (3. Significant Accounting Policies (15) Provisions and 20. Provisions)

(E) Measurement of defined benefit liabilities (3. Significant Accounting Policies (13) Employee benefits and 22. Employee Benefits)

(F) Estimates of useful life and residual value of property, plant, and equipment and intangible assets (3. Significant Accounting Policies (7) Property, plant, and equipment, (9) Goodwill and intangible assets, 12. Property, Plant, and Equipment, and 13. Goodwill and Intangible Assets)

5. New Standards and Interpretations Not Yet Adopted

The following new standard announced by the approval date of the consolidated financial statements is not mandatory as of March 31, 2026 and could have a material impact on the Group's financial statements. The Group did not choose to adopt it before the required adoption date. The impact of the adoption of IFRS 18 on the Group is under assessment and cannot be estimated at this time.

Furthermore, the impact from the adoption of other new or amended standards is immaterial.

Standard	The title of standard	Mandatory application period	The Group's application period	Outline of new standards and amendments
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	FY 3/2028	New standard replacing IAS 1 “Presentation of Financial Statement”, the current accounting standard for presentation and disclosure of financial statements

6. Segment Information

(1) Outline of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and regular evaluation by the board of directors is performed in order to make decisions about resources to be allocated and assess its performance.

In the current fiscal year, the allocation method for group expenses has been changed to appropriately reflect the business results of each reportable segment.Segment information for the previous fiscal year is disclosed based on the revised allocation method.

The Group employs a holding company system of nine operating companies in Japan and four overseas business regions as strategy platforms. The reportable segments consist of "NISSIN FOOD PRODUCTS," "MYOJO FOODS," "Chilled and frozen foods and beverages," "Confectionery," "The Americas," and "China."

The segments of "NISSIN FOOD PRODUCTS," "MYOJO FOODS," "The Americas," and "China" are mainly operating the business of manufacturing and selling cup- and bag-type noodles. The "Chilled and frozen foods and beverages" segment is operating the business of manufacturing and selling chilled and frozen foods and beverages.

The "Confectionery" segment is operating the business of manufacturing and selling confectionery.

(2) Revenues and performances of reportable segments

The accounting methods for the operating segments that are reported are generally the same as described in Note 3 "Summary of significant accounting policies."

Reportable segment profit is on an operating profit basis. Intersegment revenue and transfers are based on market prices.

Fiscal Year ended March 31, 2025 (from April 1, 2024, to March 31, 2025)

(Millions of yen)

	Reportable segments							Others (Note 1)	Total	Reconciliations (Note 2)	Consolidated
	NISSIN FOOD PRODUCTS	MYOJO FOODS	Chilled and frozen foods and beverages	Confectionery	The Americas	China	Subtotal				
Revenue											
Sales to external customers	238,781	45,374	101,349	92,443	168,565	73,474	719,989	56,604	776,594	-	776,594
Intersegment sales	1,571	6,416	915	213	79	3,345	12,542	45,649	58,191	(58,191)	-
Total	240,352	51,791	102,265	92,657	168,645	76,819	732,532	102,253	834,785	(58,191)	776,594
Segment profit (operating profit)	34,168	3,134	8,602	5,389	15,952	5,906	73,154	12,084	85,239	(10,870)	74,369
Finance income											4,190
Finance costs											1,760
Profit before tax											76,798
Other items											
Depreciation and amortization	14,614	2,123	2,753	3,054	3,276	3,474	29,296	3,913	33,209	27	33,237
Impairment losses (nonfinancial assets)	-	26	73	-	-	2,660	2,760	81	2,841	-	2,841
Gain on investments accounted for using the equity method	-	-	-	-	-	-	-	13,217	13,217	-	13,217
Capital expenditures	20,446	2,665	6,079	8,718	28,711	2,816	69,437	8,707	78,144	(50)	78,093

Note 1: "Others" consist of the business segments not included in reportable segments, such as domestic other business, Europe, Asia and new businesses.

2: Operating profit under "Reconciliations" amounted to minus ¥10,870 million, consisting of minus ¥3,084 million from elimination of intersegment transactions and minus ¥7,786 million from group expenses.

Fiscal Year ended March 31, 2026 (from April 1, 2025, to March 31, 2026)

(Millions of yen)

	Reportable segments							Others (Note 1)	Total	Reconciliations (Note 2)	Consolidated
	NISSIN FOOD PRODUCTS	MYOJO FOODS	Chilled and frozen foods and beverages	Confectionery	The Americas	China	Subtotal				
Revenue											
Sales to external customers	241,940	48,302	104,167	95,942	163,713	74,945	729,012	59,118	788,131	-	788,131
Intersegment sales	1,512	6,286	866	121	62	3,198	12,048	58,308	70,357	(70,357)	-
Total	243,453	54,588	105,034	96,064	163,776	78,144	741,061	117,427	858,489	(70,357)	788,131
Segment profit (operating profit)	32,147	3,443	7,721	5,277	10,568	8,958	68,118	7,574	75,692	(13,362)	62,330
Finance income											5,294
Finance costs											2,542
Profit before tax											65,081
Other items											
Depreciation and amortization	15,636	1,888	2,981	3,057	3,937	3,463	30,965	4,903	35,868	28	35,897
Impairment losses (nonfinancial assets)	-	-	38	225	-	-	264	-	264	-	264
Gain on investments accounted for using the equity method	-	-	-	-	-	-	-	12,949	12,949	-	12,949
Capital expenditures	23,376	3,002	6,333	10,473	32,727	3,080	78,994	17,790	96,784	(18)	96,766

(Thousands of U.S. dollars)

	Reportable segments							Others (Note 1)	Total	Reconciliations (Note 2)	Consolidated
	NISSIN FOOD PRODUCTS	MYOJO FOODS	Chilled and frozen foods and beverages	Confectionery	The Americas	China	Subtotal				
Revenue											
Sales to external customers	1,513,264	302,115	651,535	600,093	1,023,979	468,763	4,559,751	369,770	4,929,521	-	4,929,521
Intersegment sales	9,462	39,318	5,421	762	391	20,006	75,361	364,704	440,065	(440,065)	-
Total	1,522,727	341,433	656,956	600,855	1,024,370	488,769	4,635,112	734,474	5,369,587	(440,065)	4,929,521
Segment profit (operating profit)	201,075	21,539	48,293	33,012	66,102	56,034	426,057	47,374	473,431	(83,575)	389,855
Finance income	-	-	-	-	-	-	-	-	-	-	33,114
Finance costs	-	-	-	-	-	-	-	-	-	-	15,903
Profit before tax	-	-	-	-	-	-	-	-	-	-	407,066
Other items											
Depreciation and amortization	97,803	11,809	18,646	19,122	24,629	21,665	193,677	30,671	224,349	175	224,524
Impairment losses (nonfinancial assets)	-	-	243	1,411	-	-	1,654	-	1,654	-	1,654
Gain on investments accounted for using the equity method	-	-	-	-	-	-	-	80,995	80,995	-	80,995
Capital expenditures	146,210	18,782	39,614	65,510	204,701	19,265	494,086	111,274	605,360	(118)	605,241

Note 1: "Others" consist of the business segments not included in reportable segments, such as domestic other business, Europe, Asia and new businesses.

2: Operating profit under "Reconciliations" amounted to minus ¥13,362 million, consisting of minus ¥3,925 million from elimination of intersegment transactions and minus ¥9,436 million from group expenses.

(3) Information by product and service

Sales to external customers

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Instant noodles and associated businesses	612,424	615,037	3,846,869
Other businesses	164,169	173,094	1,082,652
Total	776,594	788,131	4,929,521

Note 1: Business segments are classified, taking the type, nature, etc., of products into account.

2: Main products in each business

(1) Instant noodles and associated businesses: Bag-type noodles, cup-type noodles, chilled foods, and frozen foods

(2) Other businesses: Cup-type rice, confectionery, and beverages

(4) Geographical Information (Note 1)

Sales to external customers

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Japan	481,990	487,440	3,048,787
The Americas (Note 2)	168,570	163,825	1,024,676
Other areas	126,034	136,866	856,058
Total	776,594	788,131	4,929,521

Note 1: Revenue is based on the location of the customers, classified by country or region.

2: Major countries of the Americas are the United States and Brazil.

Noncurrent assets (Note 3)

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Japan	242,515	268,701	1,680,647
The Americas (Note 4)	79,327	117,225	733,209
Other areas	57,342	70,589	441,514
Total	379,185	456,516	2,855,371

Note 3: Noncurrent assets are based on the location of the assets and exclude financial instruments, deferred tax assets, and retirement benefit assets.

4: Major countries of the Americas are the United States and Brazil.

(5) Major customers

Major customers accounting for 10% or more of consolidated revenue for the years ended March 31, 2025 and 2026, is as follows:

	Main reportable segment	FY 3/2025 (From April 1, 2024, to March 31, 2025) (Millions of yen)	FY 3/2026 (From April 1, 2025, to March 31, 2026) (Millions of yen)	FY 3/2026 (From April 1, 2025, to March 31, 2026) (Thousands of U.S. dollars)
Mitsubishi Shokuhin Co., Ltd.	NISSIN FOOD PRODUCTS	91,400	90,768	567,729

7. Cash and Cash Equivalents

The details of cash and cash equivalents are as follows:

	FY 3/2025 (As of March 31, 2025) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Thousands of U.S. dollars)
Cash and deposits	73,036	98,334	615,054
Total	73,036	98,334	615,054

8. Trade and Other Receivables

The details of trade and other receivables are as follows:

	FY 3/2025 (As of March 31, 2025) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Thousands of U.S. dollars)
Trade accounts receivable	112,578	112,685	704,811
Trade notes receivable	42	29	185
Accounts receivable - other	3,808	3,258	20,383
Allowance for doubtful accounts	(1,541)	(1,808)	(11,311)
Others	184	173	1,085
Total	115,072	114,338	715,154

Note 1: Trade and other receivables are presented net of allowance for doubtful accounts in the consolidated statement of financial position.

2: Trade and other receivables are classified as a financial asset measured at amortized cost.

9. Inventories

The details of inventories are as follows:

	FY 3/2025 (As of March 31, 2025) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Thousands of U.S. dollars)
Merchandise and finished goods	30,815	34,820	217,791
Raw materials and supplies	39,720	41,197	257,678
Total	70,536	76,018	475,470

Note: There is no significant difference between the amount of inventories recognized as expense or cost and cost of sales for the fiscal years ended March 31, 2025 and 2026.

10. Other Financial Assets

(1) Other financial assets

The details of other financial assets are as follows:

	FY 3/2025 (As of March 31, 2025) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Thousands of U.S. dollars)
Derivative assets	17	116	730
Equity securities	51,629	61,545	384,946
Investment trusts	431	241	1,511
Deposits	16,197	14,450	90,383
Other	1,756	2,356	14,736
Total	70,032	78,710	492,310
Current assets	16,259	14,612	91,394
Noncurrent assets	53,773	64,098	400,915
Total	70,032	78,710	492,310

Notes: Derivative assets and investment trusts are classified as financial assets measured at FVTPL.
Equity securities are classified as financial assets measured at FVTOCI.
Deposits are classified as financial assets measured at amortized cost.

(2) Equity instruments measured at FVTOCI

The details of major equity instruments measured at FVTOCI and their fair values are as follows:

	FY 3/2025 (As of March 31, 2025) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Thousands of U.S. dollars)
Mitsubishi Corporation	8,501	17,211	107,650
ITOCHU Corporation	8,767	12,543	78,452
SAHA PATHANAPIBUL Pub. Co., Ltd.	4,209	4,354	27,235
ONO PHARMACEUTICAL CO., LTD	3,261	3,406	21,306
TBS HOLDINGS, INC	4,127	2,706	16,925
HOUSE FOODS GROUP INC.	2,708	2,358	14,751

Note 1: Equity securities are mainly held for strategic purposes, and thus designated as equity financial assets measured at FVTOCI.
2: The Group derecognizes some financial assets measured at FVTOCI by sale for reasons, including asset efficiency and changes in business relationships.

(3) The fair value at the date of sale and cumulative gains or losses on sales of equity instruments sold during the year are as follows:

FY 3/2025 (From April 1, 2024, to March 31, 2025) (Millions of yen)		FY 3/2026 (From April 1, 2025, to March 31, 2026) (Millions of yen)		FY 3/2026 (From April 1, 2025, to March 31, 2026) (Thousands of U.S. dollars)	
Fair value	Cumulative gains or losses recognized as other comprehensive income (Note)	Fair value	Cumulative gains or losses recognized as other comprehensive income (Note)	Fair value	Cumulative gains or losses recognized as other comprehensive income (Note)
943	618	10,223	5,710	63,941	35,718

Note: The Group transfers the cumulative gains or losses recognized as other comprehensive income in equity to retained earnings.

11. Other Assets

The details of other assets are as follows:

	FY 3/2025 (As of March 31, 2025) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Millions of yen)	FY 3/2026 (As of March 31, 2026) (Thousands of U.S. dollars)
Other current assets			
Prepaid expenses	5,403	7,060	44,159
Advance payments	2,016	1,981	12,392
Consumption tax receivables	267	5,680	35,532
Other	5,286	6,341	39,663
Total	12,973	21,063	131,747
Other noncurrent assets			
Prepaid expenses	46	113	709
Retirement benefit assets	367	236	1,480
Other	709	436	2,728
Total	1,122	786	4,917

12. Property, Plant, and Equipment

(1) Property, Plant, and Equipment

The changes in acquisition costs; accumulated depreciation and accumulated impairment losses; and carrying amounts of property, plant, and equipment are as follows:

(Millions of yen)

Acquisition cost	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at April 1 2024	217,521	279,563	23,738	45,399	33,090	39,942	639,256
Additions	1,553	4,568	1,320	2,909	64,486	4,153	78,991
Reclassifications from construction in progress	7,734	20,304	1,335	189	(29,563)	-	-
Sales and disposals	(1,290)	(5,056)	(723)	-	(45)	(2,502)	(9,618)
Exchange differences on translation of foreign operations	(3,163)	(5,305)	(322)	(237)	(2,866)	(464)	(12,360)
Other	1,826	291	70	-	(1,996)	(354)	(163)
Balance at March 31, 2025	224,182	294,365	25,418	48,261	63,104	40,773	696,105
Additions	4,969	6,483	1,268	1,070	70,549	11,461	95,803
Reclassifications from construction in progress	33,650	31,776	2,399	1,172	(68,999)	-	-
Sales and disposals	(1,423)	(8,696)	(1,472)	-	-	(6,075)	(17,668)
Exchange differences on translation of foreign operations	7,364	9,162	896	845	6,809	2,199	27,278
Other	(558)	18	(49)	317	(2,300)	(288)	(2,860)
Balance at March 31, 2026	268,184	333,110	28,461	51,667	69,164	48,070	798,658

(Millions of yen)

Accumulated depreciation and accumulated impairment losses	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at April 1, 2024	108,498	181,020	17,776	42	-	16,344	323,682
Depreciation	7,574	17,924	1,761	-	-	4,890	32,150
Sales and disposals	(1,222)	(4,616)	(706)	-	-	(2,263)	(8,809)
Impairment losses	0	1,804	10	-	7	154	1,977
Exchange differences on translation of foreign operations	(992)	(3,224)	(409)	-	-	(125)	(4,751)
Other	91	243	34	-	(7)	(298)	63
Balance at March 31, 2025	113,950	193,152	18,466	42	-	18,702	344,314
Depreciation	8,405	19,430	2,027	-	-	5,032	34,896
Sales and disposals	(1,102)	(7,884)	(1,452)	-	-	(5,948)	(16,388)
Impairment losses	3	261	-	-	-	-	264
Exchange differences on translation of foreign operations	2,131	5,714	818	-	-	350	9,014
Other	(31)	90	(17)	-	-	14	56
Balance at March 31, 2026	123,356	210,763	19,843	42	-	18,151	372,157

(Millions of yen)

Carrying amount	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at April 1, 2024	109,022	98,543	5,962	45,357	33,090	23,597	315,573
Balance at March 31, 2025	110,231	101,212	6,952	48,218	63,104	22,071	351,790
Balance at March 31, 2026	144,828	122,346	8,618	51,624	69,164	29,919	426,500

(Thousands of U.S. dollars)

Acquisition cost	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at March 31, 2025	1,402,190	1,841,164	158,986	301,859	394,700	255,023	4,353,924
Additions	31,083	40,553	7,932	6,697	441,265	71,690	599,222
Reclassifications from construction in progress	210,475	198,754	15,010	7,330	(431,572)	-	-
Sales and disposals	(8,904)	(54,394)	(9,209)	-	-	(38,000)	(110,509)
Exchange differences on translation of foreign operations	46,063	57,307	5,609	5,287	42,594	13,757	170,619
Other	(3,495)	115	(308)	1,987	(14,387)	(1,805)	(17,894)
Balance at March 31, 2026	1,677,413	2,083,500	178,020	323,162	432,600	300,665	4,995,364

(Thousands of U.S. dollars)

Accumulated depreciation and accumulated impairment losses	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at March 31, 2025	712,724	1,208,109	115,502	268	-	116,976	2,153,581
Depreciation	52,571	121,530	12,683	-	-	31,478	218,264
Sales and disposals	(6,895)	(49,317)	(9,082)	-	-	(37,207)	(102,502)
Impairment losses	19	1,635	-	-	-	-	1,654
Exchange differences on translation of foreign operations	13,333	35,739	5,117	-	-	2,191	56,381
Other	(194)	564	(108)	-	-	92	353
Balance at March 31, 2026	771,558	1,318,261	124,112	268	-	113,531	2,327,732

(Thousands of U.S. dollars)

Carrying amount	Buildings and structures	Machinery and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at March 31, 2025	689,466	633,054	43,483	301,590	394,700	138,047	2,200,343
Balance at March 31, 2026	905,854	765,239	53,908	322,894	432,600	187,134	2,667,631

13. Goodwill and Intangible Assets

(1) Goodwill and intangible assets

The changes in acquisition costs, accumulated amortization and accumulated impairment losses, and carrying amounts of goodwill and intangible assets are as follows:

(Millions of yen)

Acquisition cost	Goodwill	Trademarks	Software	Others	Total
Balance at April 1 2024	38,658	6,791	14,117	5,476	65,044
Additions	5,574	1,371	118	1,780	8,845
Sales and disposals	-	(0)	(127)	(11)	(140)
Reclassification	-	-	789	(789)	-
Exchange differences on translation of foreign operations	(4,359)	(424)	0	(49)	(4,832)
Other	-	(1)	(57)	(705)	(764)
Balance at March 31, 2025	39,874	7,737	14,841	5,700	68,153
Additions	1,450	0	208	1,058	2,717
Sales and disposals	-	(0)	(304)	(0)	(305)
Reclassification	-	30	1,084	(1,114)	-
Exchange differences on translation of foreign operations	4,649	491	1	532	5,674
Other	(735)	739	88	650	743
Balance at March 31, 2026	45,238	8,997	15,920	6,827	76,983

(Millions of yen)

Accumulated amortization and accumulated impairment losses	Goodwill	Trademarks	Software	Others	Total
Balance at April 1 2024	32,898	3,199	12,133	4,606	52,836
Amortization	-	70	906	46	1,023
Sales and disposals	-	(0)	(52)	(4)	(58)
Impairment	441	-	-	422	864
Exchange differences on translation of foreign operations	(4,358)	(424)	0	(917)	(5,701)
Other	-	(1)	(49)	(6)	(57)
Balance at March 31, 2025	28,980	2,843	12,937	4,146	48,907
Amortization	-	71	818	19	909
Sales and disposals	-	(0)	(257)	-	(257)
Impairment	-	-	-	-	-
Exchange differences on translation of foreign operations	4,663	431	0	532	5,627
Other	-	(54)	71	229	247
Balance at March 31, 2026	33,643	3,290	13,570	4,928	55,433

(Millions of yen)

Carrying amount	Goodwill	Trademarks	Software	Others	Total
Balance at April 1 2024	5,760	3,592	1,984	869	12,207
Balance at March 31, 2025	10,893	4,893	1,904	1,554	19,245
Balance at March 31, 2026	11,594	5,706	2,349	1,899	21,549

(Thousands of U.S. dollars)

Acquisition cost	Goodwill	Trademarks	Software	Others	Total
Balance at March 31, 2025	249,399	48,393	92,831	35,655	426,280
Additions	9,070	-	1,302	6,623	16,996
Sales and disposals	-	(3)	(1,903)	(4)	(1,911)
Reclassification	-	187	6,786	(6,973)	-
Exchange differences on translation of foreign operations	29,082	3,073	6	3,330	35,494
Other	(4,597)	4,622	552	4,070	4,648
Balance at March 31, 2026	282,955	56,274	99,575	42,701	481,507

(Thousands of U.S. dollars)

Accumulated amortization and accumulated impairment losses	Goodwill	Trademarks	Software	Others	Total
Balance at March 31, 2025	181,265	17,785	80,919	25,933	305,903
Amortization	-	445	5,119	121	5,686
Sales and disposals	-	(3)	(1,610)	-	(1,613)
Impairment	-	-	-	-	-
Exchange differences on translation of foreign operations	29,166	2,698	2	3,330	35,197
Other	-	(342)	449	1,438	1,545
Balance at March 31, 2026	210,432	20,583	84,879	30,823	346,719

(Thousands of U.S. dollars)

Carrying amount	Goodwill	Trademarks	Software	Others	Total
Balance at March 31, 2025	68,133	30,608	11,911	9,722	120,376
Balance at March 31, 2026	72,523	35,691	14,695	11,878	134,788

Note 1: Amortization of intangible assets is included in cost of sales and selling, general, and administrative expenses in the consolidated statement of income.

2: R&D expenditure expenses for the years ended March 31, 2025 and 2026, are ¥11,972 million and ¥12,302 million ($76,949 thousand), respectively.

(2) Significant goodwill and intangible assets

Intangible assets included in the consolidated statement of financial position are goodwill (carrying amount: ¥4,447 million ($27,819 thousand)) and trademarks (carrying amount: ¥2,920 million($18,263 thousand)) recognized in connection with the acquisition of KOIKE-YA Inc. in FY 2021.

Trademarks recognized through the acquisition of KOIKE-YA Inc. are deemed to be intangible assets with indefinite useful lives, as there is no foreseeable limit to the period over which intangible assets are expected to generate net cash inflows.

(3) Impairment test of goodwill

In the current fiscal year, the carrying amount of the major goodwill allocated to each cash-generating unit is the goodwill of ¥4,447 million ($27,819 thousand) recognized through the acquisition of KOIKE-YA Inc. As a result of the impairment test of goodwill, no impairment loss of goodwill was recognized.

Because recoverable amounts are measured at net realizable value based on quoted market prices, the hierarchy of fair value is classified as Level 1.

14. Impairment Loss of Nonfinancial Asset

The Group allocates property, plant, and equipment into cash-generating units based on the smallest identifiable group of assets that generate cash inflows that are largely independent.

The details of impairment losses recognized for assets are as follows:

The impairment losses are included in "Other expenses" in the consolidated statement of income.

FY 3/2025 (from April 1, 2024, to March 31, 2025)

(Millions of yen)

Segment	Location	Category	Component	FY 3/2025 (From April 1, 2024, to March 31, 2025)
MYOJO FOODS	Kobe, Hyogo prefecture	Business assets	Buildings and structures	0
			Machinery and equipment	26
Chilled and frozen foods and beverages	Nabari, Mie prefecture	Business assets	Machinery and equipment	62
			Tools, furniture and fixtures	10
China	China	Business assets	Machinery and equipment	1,642
			Intangible assets	422
			Goodwill	441
			Right-of-use assets	154
Other	Hungary	Business assets	Machinery and equipment	73
			Construction in progress	7
		Total		2,841

Details of the impairment losses

The Group’s business assets are grouped according to manufacturing unit or usage, and the Group’s idle assets are grouped on an individual asset basis.

The carrying amount of the relevant assets was reduced to their net recoverable amounts when it was determined that it was not possible that the carrying amounts of such assets would be recovered due to a downturn in profitability. As a result, the Group recorded loss on impairment in the consolidated statement of income.

The recoverable value of business asset is measured at its fair value, less costs of disposal or value in use.

FY 3/2026 (from April 1, 2025, to March 31, 2026)

Segment	Location	Category	Component	(Millions of yen) FY 3/2026 (From April 1, 2025, to March 31, 2026)	(Thousands of U.S. dollars) FY 3/2026 (From April 1, 2025, to March 31, 2026)
Chilled and frozen foods and beverages	Hanyu, Saitama prefecture	Business assets	Machinery and equipment	38	243
Confectionery	Kazo, Saitama prefecture	Idle assets	Buildings and structures	3	19
			Machinery and equipment	222	1,391
		Total		264	1,654

Details of the impairment losses

The Group’s business assets are grouped according to manufacturing unit or usage, and the Group’s idle assets are grouped on an individual asset basis.

The carrying amount of the relevant assets was reduced to their net recoverable amounts when it was determined that it was not possible that the carrying amounts of such assets would be recovered due to a downturn in profitability. As a result, the Group recorded loss on impairment in the consolidated statement of income.

The recoverable value of business asset is measured at its fair value, less costs of disposal or value in use.

15. Leases

As a lessee, the Group leases assets, including business offices.

1. Items that related to right-of-use assets

Depreciation charges, additions, and carrying amounts of right-of-use assets are as follows:

(Millions of yen)

Depreciation charge	Buildings and structures	Machineries and vehicles	Tools, furniture, and fixtures	Land	Others	Total
FY 3/2025 (From April 1, 2024, to March 31, 2025)	3,029	1,241	236	381	30	4,920
FY 3/2026 (From April 1, 2025, to March 31, 2026)	3,359	1,110	191	371	5	5,037

(Thousands of U.S. dollars)

Depreciation charge	Buildings and structures	Machineries and vehicles	Tools, furniture, and fixtures	Land	Others	Total
FY 3/2026 (From April 1, 2025, to March 31, 2026)	21,011	6,942	1,196	2,323	32	31,506

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Additions to right-of-use assets	4,159	11,475	71,774

(Millions of yen)

Carrying amount	Buildings and structures	Machineries and vehicles	Tools, furniture, and fixtures	Land	Others	Total
FY 3/2025 (Balance at March 31, 2025)	11,941	4,063	407	5,656	25	22,093
FY 3/2026 (Balance at March 31, 2026)	19,844	3,888	440	5,719	56	29,950

(Thousands of U.S. dollars)

Carrying amount	Buildings and structures	Machineries and vehicles	Tools, furniture, and fixtures	Land	Others	Total
FY 3/2026 (Balance at March 31, 2026)	124,124	24,321	2,758	35,773	356	187,333

2. Expenses relating to leases and cash outflows

Expenses relating to leases are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Interest expenses on lease liabilities	297	446	2,789
Expenses relating to short-term leases accounted for applying the optional recognition exemption	3,523	1,460	9,138
Expenses relating to leases of low-value assets accounted for applying the optional recognition exemption	54	109	682

Total amount of cash outflows incurred by lease are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Total cash outflow for leases	5,312	6,323	39,553

Maturity analysis of lease liabilities is described in "Notes to the consolidated financial statements, 33. Financial instruments (4) Liquidity risks management."

3. Lessor

The Group contracts buildings as operating leases.

Revenues incurred by operating lease contacts are as follows:

	(Millions of yen) FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	(Thousands of U.S. dollars) FY 3/2026 (From April 1, 2025, to March 31, 2026)
Lease income (excluding variable leases)	33	33	210
Variable lease payments that do not depend on an index or a rate	-	-	-
Variable lease payments that depend on an index or a rate	-	-	-
Total	33	33	210

Maturity analysis

Due date-wise balances of operating leases at each fiscal year end are as follows:

FY 3/2025 (as of March 31, 2025)

(Millions of yen)

	Within 1 year	More than 1 year and within 2 years	More than 2 years and within 3 years	More than 3 years and within 4 years	More than 4 years and within 5 years	More than 5 years	Total
Total undiscounted lease payments	33	33	33	33	33	1,027	1,195

FY 3/2026 (as of March 31, 2026)

(Millions of yen)

	Within 1 year	More than 1 year and within 2 years	More than 2 years and within 3 years	More than 3 years and within 4 years	More than 4 years and within 5 years	More than 5 years	Total
Total undiscounted lease payments	33	33	33	33	33	994	1,162

FY 3/2026 (as of March 31, 2026)

(Thousands of U.S. dollars)

	Within 1 year	More than 1 year and within 2 years	More than 2 years and within 3 years	More than 3 years and within 4 years	More than 4 years and within 5 years	More than 5 years	Total
Total undiscounted lease payments	210	210	210	210	210	6,217	7,267

16. Investment Property

(1) Investment property

The changes in acquisition costs, accumulated depreciation and accumulated impairment losses, and carrying amounts of investment properties are as follows:

Acquisition cost	(Millions of yen) FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	(Thousands of U.S. dollars) FY 3/2026 (From April 1, 2025, to March 31, 2026)
Beginning balance	8,550	8,696	54,396
Reclassifications from construction in progress	188	4	29
Reclassifications from tangible assets	-	690	4,317
Additions	38	-	-
Disposals	(80)	-	-
Other	-	34	217
Ending balance	8,696	9,426	58,960

Accumulated depreciation and impairment losses	(Millions of yen) FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	(Thousands of U.S. dollars) FY 3/2026 (From April 1, 2025, to March 31, 2026)
Beginning balance	1,318	1,304	8,156
Depreciation	63	91	573
Disposals	(78)	-	-
Ending balance	1,304	1,396	8,730

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Carrying amount	7,392	8,029	50,218

(2) Fair value

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Investment property	8,046	8,678	54,278

Note 1: Fair value of investment property is mainly determined by external real estate appraisers referring to market prices of similar assets.
2: The fair value is categorized under Level 3 in the fair value hierarchy, as significant unobservable inputs are included.

(3) Income and expense from investment properties

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Rent income	432	491	3,074
Direct expenses	231	374	2,339

17. Income Taxes

(1) Income tax expense

1. Income tax expense

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Current tax expense			
Tax expense in current year	17,195	15,028	93,999
Total current tax expense	17,195	15,028	93,999
Deferred tax expense			
Occurrence and reversal of temporary differences	804	751	4,697
Net changes in unrecognized deferred tax assets	(95)	-	-
Total deferred tax expense	709	751	4,697
Total	17,904	15,779	98,696

2. Reconciliation of effective tax rate

		(%)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Effective statutory tax rate	30.62	30.62
Gain on investments accounted for using the equity method	(5.27)	(6.09)
Tax credits	(2.46)	(2.70)
Nondeductible permanent items, such as dividends received	(0.54)	(0.82)
Consolidation and elimination of dividends income	1.03	1.41
Net changes in unrecognized deferred tax assets	(0.83)	(0.72)
Other	0.76	2.55
Average effective tax rate	23.31	24.25

A global minimum tax rule based on the OECD's Pillar Two Model Rules has been implemented. Under this rule, if the effective tax rate of subsidiaries of parent company located in Japan falls below the minimum rate of 15%, a top-up tax will be levied on the Japanese parent company. There is no material impact on the consolidated financial statements due to the introduction of this tax rule.

(2) Deferred tax assets and deferred tax liabilities

1. Deferred tax assets and deferred tax liabilities

Balances and movements of deferred tax assets and deferred tax liabilities by nature are as follows:

(Millions of yen)

	FY 3/2024 (As of April 1, 2024)	Recognized through profit or loss	Recognized in other comprehensive income	FY 3/2025 (As of March 31, 2025)
Deferred tax assets				
Net defined benefit liability	1,318	277	70	1,667
Accounts payable	4,842	46	-	4,888
Accrued bonuses	2,358	(763)	-	1,595
Long-term accounts payable	160	184	-	344
Property, plant, and equipment and intangible assets	4,919	(107)	-	4,812
Lease liabilities	6,412	(261)	-	6,151
Unused tax losses of subsidiaries	106	(19)	-	87
Other	8,276	(1,785)	-	6,490
Total deferred tax assets	28,392	(2,428)	70	26,033
Deferred tax liabilities				
Property, plant, and equipment and intangible assets	(6,370)	213	-	(6,156)
Right-of-use assets	(7,122)	279	-	(6,843)
Other financial assets	(14,688)	-	1,039	(13,649)
Total deferred tax liabilities	(28,180)	492	1,039	(26,648)
Net amount	211	(1,936)	1,109	(614)

(Millions of yen)

	FY 3/2025 (As of March 31, 2025)	Recognized through profit or loss	Recognized in other comprehensive income	FY 3/2026 (As of March 31, 2026)
Deferred tax assets				
Net defined benefit liability	1,667	(166)	100	1,601
Accounts payable	4,888	113	-	5,001
Accrued bonuses	1,595	116	-	1,711
Long-term accounts payable	344	94	-	439
Property, plant, and equipment and intangible assets	4,812	106	-	4,918
Lease liabilities	6,151	2,716	-	8,867
Unused tax losses of subsidiaries	87	827	-	914
Other	6,490	3,194	-	9,685
Total deferred tax assets	26,033	7,003	100	33,140
Deferred tax liabilities				
Property, plant, and equipment and intangible assets	(6,156)	(5,577)	-	(11,733)
Right-of-use assets	(6,843)	(2,075)	-	(8,918)
Other financial assets	(13,649)	-	(5,948)	(19,598)
Total deferred tax liabilities	(26,648)	(7,652)	(5,948)	(40,249)
Net amount	(614)	(649)	(5,847)	(7,109)

(Thousands of U.S. dollars)

	FY 3/2025 (As of March 31, 2025)	Recognized through profit or loss	Recognized in other comprehensive income	FY 3/2026 (As of March 31, 2026)
Deferred tax assets				
Net defined benefit liability	10,427	(1,040)	630	10,016
Accounts payable	30,575	709	-	31,284
Accrued bonuses	9,977	726	-	10,703
Long-term accounts payable	2,153	594	-	2,747
Property, plant, and equipment and intangible assets	30,097	663	-	30,760
Lease liabilities	38,472	16,992	-	55,465
Unused tax losses of subsidiaries	544	5,176	-	5,721
Other	40,598	19,982	-	60,581
Total deferred tax assets	162,843	43,805	630	207,278
Deferred tax liabilities	-	-	-	-
Property, plant, and equipment and intangible assets	(38,503)	(34,882)	-	(73,386)
Right-of-use assets	(42,800)	(12,982)	-	(55,783)
Other financial assets	(85,374)	-	(37,205)	(122,580)
Total deferred tax liabilities	(166,677)	(47,865)	(37,205)	(251,750)
Net amount	(3,834)	(4,059)	(36,575)	(44,472)

2. Net amounts of deferred tax assets and deferred tax liabilities included in the consolidated statement of financial position

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Deferred tax assets	14,278	13,836	86,537
Deferred tax liabilities	(14,892)	(20,945)	(131,009)
Net amount	(614)	(7,109)	(44,472)

(3) Deductible temporary differences and unused tax losses and others for which no deferred tax assets are recognized

Deductible temporary differences and unused tax losses and others for which no deferred tax assets are recognized are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Deductible temporary differences	21,289	21,635	135,321
Carryforwards of unused tax losses	9,950	9,800	61,297
Carryforwards of tax credits	163	178	1,119
Total	31,403	31,614	197,737

Tax loss carryforwards for which no deferred tax assets are recognized will expire as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
1st year	513	653	4,088
2nd year	382	643	4,026
3rd year	376	1,444	9,036
4th year	921	482	3,017
5th year and thereafter	7,756	6,575	41,128
Total	9,950	9,800	61,297

(4) Taxable temporary differences for investments in subsidiaries and affiliates for which no deferred tax liabilities are recognized.

Taxable temporary differences for which no deferred tax liabilities are recognized regarding investments in subsidiaries amount to ¥383,811 million and ¥399,343 million ($2,497,767 thousand) as of March 31, 2025 and 2026, respectively.

18. Trade and Other Payables

The details of trade and other payables are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Trade payables	68,991	71,666	448,252
Notes payable	582	374	2,341
Non-trade payables	65,514	66,056	413,160
Other	9,614	11,571	72,375
Total	144,703	149,668	936,129

Note: Trade and other payables are classified as financial liabilities measured at amortized cost.

19. Bonds, borrowings, and Other Financial Liabilities

(1) Details of financial liabilities

The details of borrowings and other financial liabilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)		
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)	Average interest rate	Date of maturity
Short-term borrowings	23,254	30,192	188,842	1.68%	—
Commercial paper	-	22,000	137,603	0.88%	—
Current portion of long-term borrowings	14,784	20,590	128,786	3.16%	—
Bonds	49,841	49,870	311,924	0.83%	2029-2031
Long-term borrowings	27,679	52,882	330,762	1.28%	2027-2035
Lease liabilities	19,896	28,458	178,000	2.13%	2026-2049
Long-term guarantee deposit	640	320	2,003	—	—
Total	136,096	204,314	1,277,924	—	—
Current liabilities	42,568	77,319	483,609	—	—
Noncurrent liabilities	93,528	126,995	794,315	—	—
Total	136,096	204,314	1,277,924	—	—

Note 1: The average interest rate is the weighted-average interest rate on the balance as of March 31, 2026.

2: Bonds and borrowings are classified as financial liability measured at amortized cost.

3: There are no financial covenants on bonds and borrowings that have a significant effect on the Group’s financial activities.

4: The carrying amounts of bonds by issuance name are as follows.

			(Millions of yen)		(Thousands of U.S. dollars)		
Company	Name	Issue date	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)	Interest rate	Redemption date
Nissin Foods Holdings	No.1 Unsecured Bonds	October 17, 2024	29,914	29,933	187,221	0.76%	October 17, 2029
Nissin Foods Holdings	No.2 Unsecured Bonds	October 17, 2024	19,926	19,937	124,703	0.93%	October 17, 2031
Total			49,841	49,870	311,924	-	-

(2) Pledged assets for liabilities

1. Pledged assets

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Land	2,083	1,701	10,643
Building and structure	4,144	2,115	13,231
Machinery and vehicle	0	-	-
Total	6,228	3,817	23,874

2. Liabilities related to the pledged assets

(Millions of yen) (Thousands of U.S. dollars)

	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Current portion of long-term borrowings	1,064	592	3,705
Long-term borrowings	2,268	1,971	12,330
Total	3,333	2,563	16,036

20. Provisions

The changes in provisions are as follows:

(Millions of yen)

	Provision for asset retirement obligations	Provision for losses on lawsuit	Total
Balance at April 1, 2024	216	252	469
Increase	-	91	91
Decrease (provision used)	-	(54)	(54)
Decrease (provision reversed)	-	(140)	(140)
Increase due to passage of time	0	3	3
Exchange differences on translation of foreign operations	-	(28)	(28)
Balance at March 31, 2025	216	124	341
Increase	-	21	21
Decrease (provision used)	(141)	(7)	(148)
Decrease (provision reversed)	-	(16)	(16)
Increase due to passage of time	0	5	5
Exchange differences on translation of foreign operations	-	22	22
Balance at March 31, 2026	75	150	225

(Thousands of U.S. dollars)

	Provision for asset retirement obligations	Provision for losses on lawsuit	Total
Balance at March 31, 2025	1,356	780	2,136
Increase	-	135	135
Decrease (provision used)	(883)	(47)	(931)
Decrease (provision reversed)	-	(103)	(103)
Increase due to passage of time	1	35	36
Exchange differences on translation of foreign operations	-	139	139
Balance at March 31, 2026	473	939	1,413

The following table presents the carrying amount of provisions recognized in the consolidated statement of financial position:

(Millions of yen) (Thousands of U.S. dollars)

	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Noncurrent liabilities	341	225	1,413
Total	341	225	1,413

21. Other Liabilities

The details of other liabilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Other current liabilities			
Accrued bonuses	4,755	4,902	30,666
Deposits payable	3,314	3,137	19,622
Consumption tax payables	1,870	1,377	8,618
Obligation for unused paid absences	5,948	6,749	42,217
Refund liabilities (accrued rebates)	9,925	9,541	59,676
Other	841	1,666	10,424
Total	26,655	27,375	171,225
Other noncurrent liabilities			
Accrued long-term expenses	2,634	2,919	18,263
Other	143	1,259	7,878
Total	2,777	4,179	26,142

22. Employee Benefits

The Group has adopted funded and unfunded defined benefit pension plans and defined contribution plans to cover employee retirement benefits.

Funded defined benefit pension plans have been operated by a corporate pension fund that is legally separated from the Group in accordance with laws and regulations, including the Defined Benefit Corporate Pension Act.

Certain consolidated subsidiaries have adopted lump-sum payment plans.

Additionally, certain consolidated subsidiaries have also adopted corporate defined contribution plans based on the Defined Contribution Pension Act.

The benefits of the plans are determined based on years of service and salary levels of employees.

The Group, the board of representatives of corporate pension fund, and the pension fund management institutions are legally required to act in the best interests of plan participants in executing their responsibilities for managing the plan assets.

The main defined benefit plan of the Group is exposed to the following actuarial risks:

Investment risk	The discount rate used to determine present value of defined benefit plan obligations is based on market yields on instruments of high-quality corporate bonds. If the profit of plan assets is below the market yields, there is a possibility of shortage of funds.
Interest rate risk	Interest rate risk involves the potential for an increase in defined benefit plan obligations if market yields on instruments of high-quality corporate bonds decrease. However, it will be partially offset by the increase in fair values of debt instruments or plan assets.
Longevity risk	The present value of the defined benefit plan obligations is calculated based on the mortality rate based on best estimate of the scheme participants during and after employment. Longer life expectancy for scheme participants will result in an increase in defined benefit plan obligations.

(1) Defined Benefit Plans

1. Defined benefit obligations and plan assets

The details of the retirement benefit liabilities and assets recognized in the consolidated statement of financial position are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Present value of the defined benefit obligations	38,785	36,117	225,902
Fair value of plan assets	(43,929)	(47,051)	(294,293)
Subtotal	(5,144)	(10,934)	(68,391)
Effect of asset ceiling	10,202	16,035	100,295
Net defined benefit liabilities	5,057	5,100	31,904
Amounts recognized in the consolidated statement of financial position			
Retirement benefit liabilities	5,425	5,337	33,384
Retirement benefit assets	367	236	1,480

2. Present value of defined benefit obligations

The changes in the present value of defined benefit obligations are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Balance at the beginning	40,901	38,785	242,591
Current service expense	1,988	1,963	12,281
Past service expense (including loss (gain) related to plan curtailment)	-	-	-
Interest expense	654	904	5,657
Remeasurements			-
Actuarial gains and losses arising from changes in demographic assumptions	(52)	(97)	(612)
Actuarial gains and losses arising from changes in financial assumptions	(2,774)	(3,627)	(22,690)
Actuarial gains and losses arising from experience adjustments	258	322	2,014
Benefits paid	(2,069)	(2,164)	(13,536)
Other	(120)	31	197
Balance at the end	38,785	36,117	225,902

3. Fair values of plan assets

The changes in the fair values of plan assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Balance at the beginning	43,595	43,929	274,768
Interest income	718	1,028	6,434
Remeasurements			-
Return on plan assets (excluding amounts included in interest income)	(254)	2,240	14,012
Contributions provided by employer	1,405	1,465	9,164
Contributions by plan participants	169	175	1,100
Benefits paid	(1,704)	(1,788)	(11,186)
Balance at the end	43,929	47,051	294,293

4. Details of effect of asset ceiling

The details of asset ceiling are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Balance at the beginning	7,462	10,202	63,812
Restrictions on interest income	10	22	141
Remeasurements			
Effect of asset ceiling (excluding amounts included in interest income)	2,728	5,810	36,341
Balance at the end	10,202	16,035	100,295

5. Details of defined benefit cost

The details of defined benefit cost are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Service cost			
Current service cost	1,988	1,963	12,281
Past service expense and settlement gains and losses	-	-	-
Interest expense	654	904	5,657
Interest income	(718)	(1,028)	(6,434)
Total defined benefit cost recognized in profit or loss	1,924	1,839	11,503
Remeasurements			
Return on plan assets (excluding amounts included in interest income)	254	(2,240)	(14,012)
Actuarial gains and losses arising from changes in demographic assumptions	(52)	(97)	(612)
Actuarial gains and losses arising from changes in financial assumptions	(2,774)	(3,627)	(22,690)
Actuarial gains and losses arising from experience adjustments	258	322	2,014
Adjustment for the restriction on assets related to retirement benefits	2,728	5,810	36,341
Total defined benefit cost recognized in other comprehensive income	414	166	1,041
Total	2,338	2,005	12,545

6. Components of plan assets

The details of plan assets by category are as follows:

FY 3/2025 (as of March 31, 2025)

(Millions of yen)

	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities (domestic)	4,690	-	4,690
Equity securities (overseas)	4,027	-	4,027
Bonds (domestic)	9,062	-	9,062
Bonds (overseas)	3,134	-	3,134
General account for life insurance companies (Note 1)	358	5,882	6,241
Alternative investments (Note 2)	-	12,619	12,619
Other	4,153	-	4,153
Total	25,427	18,502	43,929

FY 3/2026 (as of March 31, 2026)

	(Millions of yen)			(Thousands of U.S. dollars)		
	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities (domestic)	4,654	-	4,654	29,109	-	29,109
Equity securities (overseas)	5,020	-	5,020	31,403	-	31,403
Bonds (domestic)	9,913	-	9,913	62,005	-	62,005
Bonds (overseas)	3,133	-	3,133	19,601	-	19,601
General account for life insurance companies (Note 1)	-	7,766	7,766	-	48,579	48,579
Alternative investments (Note 2)	-	14,215	14,215	-	88,915	88,915
Other	2,346	-	2,346	14,678	-	14,678
Total	25,068	21,982	47,051	156,797	137,495	294,293

Note 1: A certain interest rate and principal for the general account of life insurance are guaranteed by life insurance companies.

2: Alternative investments include hedge funds and others.

7. Matters related to actuarial assumptions

The significant actuarial assumptions used to measure present value of defined benefit obligations are as follows:

	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)
Discount rate (%)	2.5	3.6
Life expectancy (years)	26.7	26.6

8. Sensitivity analysis of actuarial assumptions

With an assumption of all other actuarial assumptions being constant, changes in the defined benefit obligations calculated according to changes in each significant actuarial assumption arising as of March 31, 2025 and 2026, are as follows. Sensitivity analysis results may not actually represent changes accurately in defined benefit obligations since other interrelated actuarial assumptions also change.

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Discount rate increase by 0.5%	(2,258)	(1,948)	(12,185)
Life expectancy increase by 1 year	416	331	2,074

9. Impact on future cash flows

(i) Funding policy for plan assets and expected contributions to plan assets

The funding policies for plan assets of the Group are as follows:

The purpose of the corporate pension fund, which is the major component of the Group's plan, is to secure necessary returns over the long term within limits of acceptable risk in assets management in order to ensure benefit and lump-sum payments in the future.

In particular, the Group sets the target return rate and asset composition ratio by investment asset within the allowable risk range specified by the fiscal year and manages the assets by maintaining that proportion.

For asset composition ratio, the Group discussed the introduction of plan assets highly correlated with changes in the defined benefit obligation when necessary.

Also, when unforeseen circumstances occur in the market environment, it is possible to temporarily adjust the weight of risk assets according to internal regulations.

In relation to funding the corporate pension fund, rules stipulate that the amount of contributions as of the last day of a fiscal year (i.e., reference date) should be recalculated every five years in order to maintain the balance of the pension financing.

Also, as for the corporate pension reserve as of each fiscal year, the amount of premium contribution will be recalculated if the amount of pension fund falls below the reserve fund after deduction of allowable deficiency carried forward.

During the year ending March 31, 2027, ¥1,641 million ($10,263 thousand) will be paid to plan assets as contributions.

(ii) Maturity analysis for the defined benefit obligations

The weighted-average durations of the defined benefit obligations were 13.7 years and 13.0 years as of March 31, 2025 and 2026, respectively.

(2) Employee benefit expenses

The amounts recognized as cost of sales and selling, general, and administrative expenses related to the employee benefit expenses were ¥117,978 million and ¥128,693 million ($804,934 thousand) for the years ended March 31, 2025 and 2026, respectively.

23. Equity and Other Equity Items

(1) Equity and treasury shares

1. Shares authorized

(Shares)

	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)
Authorized		
Ordinary shares (Note 1)	1,200,000,000	1,200,000,000
Issued		
Beginning balance	308,584,500	302,584,500
Change during the year (Note 2)	(6,000,000)	(5,000,000)
Ending balance	302,584,500	297,584,500

Note 1: All of the issued shares of the Company are ordinary shares that have no par value.

2:The total number of issued shares for the year ended March 31, 2025 decreased by 6,000,000 shares due to the cancellation of treasury stock. The total number of issued shares for the year ended March 31, 2026 decreased by 5,000,000 shares also due to the cancellation of treasury stock

2. Treasury shares

(Shares)

	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)
Treasury shares		
Beginning balance	4,507,522	8,749,072
Change during the year (Note 1)	4,241,550	1,777,133
Ending balance (Note 2)	8,749,072	10,526,205

Note 1: The Company adopted share option plans and utilized treasury shares for delivery of shares due to its exercise. Due to the introduction of the equity-settled and cash-settled share-based payment schemes (BBT), share option plans were discontinued except for those already granted. Contract conditions and amounts are described in Note 32. "Share-Based Payments.”

2: The number of treasury shares for the previous fiscal year and the current fiscal year included 342,800 shares and 486,000 shares, respectively, held by the trust account related to the BBT.

(2) Capital surplus

The Companies Act of Japan requires that more than half of the payment or contribution upon issuance of shares must be appropriated as share capital and the rest must be appropriated as capital reserve, which is included in capital surplus.

Capital reserve may be appropriated to share capital by resolution of the general meeting of shareholders.

(3) Retained earnings

The Companies Act of Japan requires that an amount equal to one-tenth of dividends must be appropriated as capital reserve or as legal reserve until the total of the aggregate amount of capital reserve and legal reserve equals a quarter of share capital.

(4) Other components of equity

1. Net gain (loss) on revaluation of financial assets measured at FVTOCI

Net gain (loss) on revaluation of financial assets measured at FVTOCI is the accumulated amount of changes in the fair value of financial assets measured at FVTOCI.

2. Remeasurements of defined benefit plans

Remeasurements of defined benefit plans include the effect of any variances between actuarial assumptions at the beginning of the year and actual results and the effects of changes in actuarial assumptions.

Remeasurements of defined benefit plans are recognized in other comprehensive income and immediately reclassified from other components of equity to retained earnings in the period when they occur.

3. Share of other comprehensive income of investments accounted for using the equity method

Share of other comprehensive income of investments accounted for using the equity method includes net gain (loss) on revaluation of financial assets measured at FVTOCI, remeasurements of defined benefit plans, and exchange differences on translation of foreign operations.

4. Exchange differences on translation of foreign operations

Foreign currency translation differences arise from the translation of financial statements of foreign operations prepared in foreign currencies.

5. Cash flow hedges

Cash flow hedge is the portion of the change in the fair value of the hedging instrument that meets the hedge effectiveness requirements under hedge accounting.

24. Dividends

The details of dividends are as follows:

FY 3/2025 (from April 1, 2024, to March 31, 2025)

1. Dividend paid

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
General meeting of shareholders held on June 26, 2024	12,172	40	March 31, 2024	June 27, 2024
Board of directors' meeting held on November 11, 2024	10,482	35	September 30, 2024	November 29, 2024

Note: The total amount of dividends based on the resolution of the annual general meeting of shareholders held on June 26, 2024, includes ¥9 million ($56 thousand) in dividends for the Company’s shares held by the trust account related to the BBT. Additionally, the total amount of dividends based on the resolution of the board of directors meeting held on November 11, 2024, includes ¥11 million ($68 thousand) in dividends for the Company’s shares held by the trust account related to the BBT.

2. Dividends with an effective date after the fiscal year end are as follows:

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
General meeting of shareholders held on June 26, 2025	10,296	35	March 31, 2025	June 27, 2025

Note: The total amount of dividends includes ¥11 million in dividends for the shares of the Company held in the trust account related to the BBT.

FY 3/2026 (from April 1, 2025, to March 31, 2026)

1. Dividends paid

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	(Thousands of U.S. dollars)	(U.S. dollars)
General meeting of shareholders held on June 26, 2025	10,296	35	March 31, 2025	June 27, 2025	64,399	0.2
Board of directors' meeting held on November 11, 2025	10,064	35	September 30, 2025	November 28, 2025	62,950	0.2

Note: The total amount of dividends based on the resolution of the annual general meeting of shareholders held on June 26, 2025 includes ¥11 million ($75 thousand) in dividends for the Company’s shares held by the trust account related to the BBT. Additionally, the total amount of dividends based on the resolution of the board of directors meeting held on November 10, 2025, includes ¥17 million ($109 thousand) in dividends for the Company’s shares held by the trust account related to the BBT.

2. Dividends with an effective date after the fiscal year end are as follows:

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	(Thousands of U.S. dollars)	(U.S. dollars)
General meeting of shareholders held on June 25, 2026	10,064	35	March 31, 2026	June 26, 2026	62,950	0.2

Note: The total amount of dividends includes ¥17 million($106 thousand) in dividends for the shares of the Company held in the trust account related to the BBT.

25. Revenue

The disaggregation of revenue for each product or geographical segment of the Group's reportable segments is as follows:

Reportable segment	Classification	FY 3/2025 (From April 1, 2024, to March 31, 2025) (Millions of yen)	FY 3/2026 (From April 1, 2025, to March 31, 2026) (Millions of yen)	FY 3/2026 (From April 1, 2025, to March 31, 2026) (Thousands of U.S. dollars)
NISSIN FOOD PRODUCTS	Instant noodles	217,353	217,574	1,360,860
	Other	21,428	24,366	152,404
	Total	238,781	241,940	1,513,264
MYOJO FOODS	Instant noodles	44,815	47,758	298,715
	Chilled and frozen products	559	543	3,400
	Total	45,374	48,302	302,115
Chilled and frozen foods and beverages	Chilled and frozen products	73,100	77,675	485,833
	Beverages	28,153	26,396	165,100
	Other	96	96	601
	Total	101,349	104,167	651,535
Confectionery	Confectionery	92,439	95,934	600,040
	Other	4	8	52
	Total	92,443	95,942	600,093
The Americas	Instant noodles	165,806	161,040	1,007,256
	Chilled and frozen products	2,758	2,673	16,722
	Total	168,565	163,713	1,023,979
China	Hong Kong and other	27,841	28,500	178,264
	Mainland China	45,632	46,444	290,498
	Total	73,474	74,945	468,763
Other	Instant noodles	51,766	53,970	337,570
	Beverages	415	348	2,176
	Confectionery	418	645	4,034
	Other	4,003	4,155	25,988
	Total	56,604	59,118	369,770
Revenue in the consolidated financial statements		776,594	788,131	4,929,521

26. Selling, General, and Administrative Expenses

The details of selling, general, and administrative expenses are as follows:

	FY 3/2025 (From April 1, 2024, to March 31, 2025) (Millions of yen)	FY 3/2026 (From April 1, 2025, to March 31, 2026) (Millions of yen)	FY 3/2026 (From April 1, 2025, to March 31, 2026) (Thousands of U.S. dollars)
Advertising expenses	21,790	21,245	132,886
Freight and storage charges	65,000	65,062	406,943
Employee salaries	38,219	42,283	264,467
Promotion expenses	21,769	20,789	130,033
Commissions and charges	17,350	18,914	118,304
Other	45,140	50,003	312,758
Total	209,270	218,299	1,365,392

27. Other Income and Other Expenses

The details of other income are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Other income			
Gain on sales of fixed assets	94	51	320
Subsidy	413	360	2,257
Other	1,322	1,081	6,763
Total	1,830	1,493	9,341

The details of other expenses are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Other expenses			
Loss on disposal and sales of fixed assets	476	862	5,393
Impairment losses (Note)	2,841	264	1,654
Loss on abandonment of inventories	325	209	1,307
Other	716	1,544	9,661
Total	4,360	2,880	18,017

Note: Details of impairment losses are described in Note 14 "Impairment Loss of Nonfinancial Assets."

28. Finance Income and Finance Costs

The details of finance income are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Finance income			
Dividend income			
Financial assets measured at FVTOCI			
Investments derecognized during the year	22	187	1,171
Investments held at the end of the year	1,335	1,552	9,708
Subtotal	1,357	1,739	10,879
Interest income			
Financial assets measured at amortized cost	2,823	3,121	19,525
Subtotal	2,823	3,121	19,525
Derivative income	-	250	1,563
Other	9	183	1,145
Total	4,190	5,294	33,114

The details of finance costs are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Finance costs			
Interest expense			
Bonds and borrowings	996	1,904	11,912
Lease liabilities	297	446	2,789
Subtotal	1,294	2,350	14,702
Foreign exchange loss	335	-	-
Other	131	192	1,201
Total	1,760	2,542	15,903

29. Cash Flow

Reconciliation of liabilities arising from financing activities

The changes in liabilities arising from financing activities are as follows:

FY 3/2025 (from April 1, 2024, to March 31, 2025)

(Millions of yen)

	Bonds	Long-term borrowings (Note)	Short-term borrowings	Lease liabilities	Derivative liabilities (assets)
Balance at April 1, 2024	-	30,305	4,548	21,285	0
Movement by cash inflow/outflow from financing activities	49,829	12,418	18,711	(5,312)	-
Acquisition	-	-	-	4,134	-
Exchange differences on translation of foreign operations	-	(259)	(5)	(210)	-
Fair value movement	-	-	-	-	(13)
Other	12	-	-	-	-
Balance at March 31, 2025	49,841	42,463	23,254	19,896	(13)

FY 3/2026 (from April 1, 2025, to March 31, 2026)

(Millions of yen)

	Bonds	Long-term borrowings (Note)	Short-term borrowings	Commercial paper	Lease liabilities	Derivative liabilities (assets)
Balance at April 1, 2025	49,841	42,463	23,254	-	19,896	(13)
Movement by cash inflow/outflow from financing activities	-	29,619	6,022	22,000	(4,307)	-
Acquisition	-	-	-	-	11,475	-
Exchange differences on translation of foreign operations	-	1,314	915	-	1,394	-
Fair value movement	-	-	-	-	-	(7)
Other	29	74	-	-	-	-
Balance at March 31, 2026	49,870	73,472	30,192	22,000	28,458	(21)

(Thousands of U.S. dollars)

	Bonds	Long-term borrowings (Note)	Short-term borrowings	Commercial paper	Lease liabilities	Derivative liabilities (assets)
Balance at April 1, 2025	311,742	265,598	145,451	-	124,446	(82)
Movement by cash inflow/outflow from financing activities	-	185,259	37,667	137,603	(26,942)	-
Acquisition	-	-	-	-	71,774	-
Exchange differences on translation of foreign operations	-	8,222	5,723	-	8,722	-
Fair value movement	-	-	-	-	-	(49)
Other	182	469	-	-	-	-
Balance at March 31, 2026	311,924	459,549	188,842	137,603	178,000	(131)

Note: Long-term borrowings include long-term borrowings due within one year.

30. Other Comprehensive Income

The details of other comprehensive income and the amount arising during the current year, reclassification adjustments to profit or loss, and the related tax effects are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Items that will not be reclassified to profit or loss			
Equity instruments measured at FVTOCI			
Amount arising during the year	(4,514)	18,982	118,726
Before income tax effect	(4,514)	18,982	118,726
Income tax effect	1,039	(5,948)	(37,205)
Equity instruments measured at FVTOCI	(3,475)	13,033	81,521
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	97	(7,506)	(46,952)
Share of other comprehensive income of investments accounted for using the equity method	97	(7,506)	(46,952)
Remeasurements of defined benefit plans			
Amount arising during the year	(99)	(256)	(1,602)
Before income tax effect	(99)	(256)	(1,602)
Income tax effect	70	100	630
Remeasurements of defined benefit plans	(28)	(155)	(972)
Total items that will not be reclassified to profit or loss	(3,407)	5,371	33,596
Items that may be reclassified to profit or loss			
Foreign currency translation differences on foreign operations			
Amount arising during the year	(9,485)	25,140	157,248
Reclassification adjustments	-	-	-
Before income tax effect	(9,485)	25,140	157,248
Income tax effect	-	-	-
Foreign currency translation differences on foreign operations	(9,485)	25,140	157,248
Cash flow hedges			
Amount arising during the year	(181)	(66)	(417)
Reclassification adjustments	141	166	1,039
Before income tax effect	(39)	99	621
Income tax effect	12	(31)	(198)
Cash flow hedges	(27)	67	422
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	7,478	8,146	50,953
Reclassification adjustments	-	-	-
Share of other comprehensive income of investments accounted for using the equity method	7,478	8,146	50,953
Items that may be reclassified to profit or loss	(2,034)	33,354	208,625
Total other comprehensive income	(5,441)	38,726	242,221

31. Earnings per Share

(1) Basic earnings per share

	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	(Thousands of U.S. dollars) FY 3/2026 (From April 1, 2025, to March 31, 2026)
Profit for the year attributable to owners of the parent (millions of yen)	55,019	45,380	283,840
Weighted-average number of ordinary shares outstanding (one hundred shares)	2,983,485	2,884,412	
Basic earnings per share (yen)	184.41	157.33	0.98

(2) Diluted earnings per share

	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	(Thousands of U.S. dollars) FY 3/2026 (From April 1, 2025, to March 31, 2026)
Profit for the year attributable to owners of the parent (millions of yen)	55,019	45,380	283,840
Profit adjustments (millions of yen)	-	-	-
Diluted profit for the year (millions of yen)	55,019	45,380	283,840
Weighted-average number of ordinary shares outstanding (one hundred shares)	2,983,485	2,884,412	
Adjustment due to stock acquisition rights to shares (one hundred shares)	18,169	17,467	
Adjustment of shares related to BBT (one hundred shares)	1,323	2,224	
Diluted weighted-average number of ordinary shares (one hundred shares)	3,002,978	2,904,104	
Diluted earnings per share (yen)	183.22	156.26	0.97
Outline of dilutive shares without dilutive effect that were not included in the calculation of diluted profit	-	-	-

Note : The Company's shares held by the trust accounts related to the BBT are included in the treasury shares deducted in the calculation of the average number of common shares during the period for the purpose of calculating earnings per share. In the calculation of earnings per share, the average number of such treasury shares deducted during the period is 297,566 shares and 424,033 shares for the years ended March 31, 2025 and 2026, respectively.

32. Share-Based Payments

(1) Stock options

1. Outline of share-based payments

The Company issues stock acquisition rights as stock options to directors, executive officers, and employees in order to motivate and inspire the recipients to enhance the Company's results and value of shares.

Exercise periods are defined in allocation contracts, and options expire if they are not exercised within the period.

The options will also be forfeited if a person granted options retires from the Company, unless permitted in allocation contracts (e.g., expiration of the term).

The options granted are accounted for as equity-settled share-based payments.

At the annual general meeting of shareholders held on June 28, 2022, a resolution that the Company discontinued the stock option plan was made and no new stock options were granted to directors, executive officers and employees as remuneration for execution of duties.

The details of the Group's stock option plan are as follows:

	Grant date	Options granted (Shares)	Due date for exercise	Exercise price (Yen)	Fair value at grant date (Yen)	Fair value at grant date (U.S. dollars)
2nd	June 26, 2009	222,900	June 26, 2049	1	775	4
3rd	June 26, 2009	9,465	June 26, 2049	1	892	5
4th	June 26, 2009	33,852	June 26, 2049	1	892	5
6th	June 29, 2010	219,600	June 29, 2050	1	872	5
7th	June 29, 2010	17,130	June 29, 2050	1	1,001	6
8th	June 29, 2010	63,987	June 29, 2050	1	1,001	6
9th	June 29, 2011	219,600	June 29, 2051	1	714	4
10th	June 29, 2011	33,147	June 29, 2051	1	871	5
11th	June 29, 2011	68,031	June 29, 2051	1	871	5
13th	June 28, 2012	257,700	June 28, 2052	1	748	4
14th	June 28, 2012	25,998	June 28, 2052	1	903	5
15th	June 28, 2012	79,431	June 28, 2052	1	903	5
17th	June 26, 2013	240,000	June 26, 2053	1	1,001	6
18th	June 26, 2013	23,970	June 26, 2053	1	1,154	7
19th	June 26, 2013	80,742	June 26, 2053	1	1,154	7
21st	June 26, 2014	169,500	June 26, 2054	1	1,441	9
22nd	June 26, 2014	21,537	June 26, 2054	1	1,602	10
23rd	June 26, 2014	59,511	June 26, 2054	1	1,602	10
24th	June 25, 2015	156,900	June 25, 2055	1	1,564	9
25th	June 25, 2015	21,852	June 25, 2055	1	1,721	10
26th	June 25, 2015	51,423	June 25, 2055	1	1,721	10
28th	June 28, 2016	118,500	June 28, 2056	1	1,610	10
29th	June 28, 2016	12,747	June 28, 2056	1	1,774	11
30th	June 28, 2016	28,881	June 28, 2056	1	1,774	11
33rd	June 28, 2017	106,500	June 28, 2057	1	2,009	12
34th	June 28, 2017	33,144	June 28, 2057	1	2,280	14
35th	June 28, 2017	32,679	June 28, 2057	1	2,280	14
36th	June 27, 2018	100,800	June 27, 2058	1	2,416	15
37th	June 27, 2018	30,021	June 27, 2058	1	2,699	16
38th	June 27, 2018	28,131	June 27, 2058	1	2,699	16
40th	June 26, 2019	89,100	June 26, 2059	1	1,923	12
41st	June 26, 2019	21,360	June 26, 2059	1	2,250	14
42nd	June 26, 2019	22,611	June 26, 2059	1	2,250	14
43rd	June 25, 2020	90,000	June 25, 2060	1	2,732	17
44th	June 25, 2020	15,756	June 25, 2060	1	3,045	19
45th	June 25, 2020	22,443	June 25, 2060	1	3,045	19
48th	June 25, 2021	76,500	June 25, 2061	1	2,338	14
49th	June 25, 2021	12,165	June 25, 2061	1	2,629	16
50th	June 25, 2021	17,418	June 25, 2061	1	2,629	16
51st	June 28, 2022	86,100	June 28, 2062	1	2,677	16
52nd	June 28, 2022	11,811	June 28, 2062	1	2,984	18
53rd	June 28, 2022	17,229	June 28, 2062	1	2,984	18

Note: The Company implemented a three-for-one stock split of its common stock with an effective date of January 1, 2024. Accordingly, the number of shares and the fair value at the grant date have been stated to reflect the converted figures after the stock split.

2. Number of stock options and weighted-average exercise price

	FY 3/2025 (From April 1, 2024, to March 31, 2025)		FY 3/2026 (From April 1, 2025, to March 31, 2026)	
	Number of shares (Shares)	Weighted-average exercise price (Yen)	Number of shares (Shares)	Weighted-average exercise price (Yen)
Beginning balance of outstanding shares	1,835,172	1	1,817,406	1
Granted	-	-	-	-
Exercised	17,766	1	88,896	1
Expired	-	-	-	-
Expired at maturity	-	-	-	-
Ending balance of outstanding shares	1,817,406	1	1,728,510	1
Ending balance of exercisable shares	1,817,406	1	1,728,510	1

As of March 31, 2025, the exercise price of outstanding stock options was ¥1, and the weighted-average remaining contractual life was 30.23 years.

The weighted-average share price on the date of exercise for the fiscal year ended March 31, 2025, was ¥4,102.21 ($27.43).

As of March 31, 2026, the exercise price of outstanding stock options was ¥1, and the weighted-average remaining contractual life was 29.15 years.

The weighted-average share price on the date of exercise for the fiscal year ended March 31, 2026, was ¥3,007.99 ($18.81).

(2) Equity-settled and cash-settled share-based payment plan (BBT)

The Company introduced a framework referred to as BBT, which is a share-based payment plan for the directors and other executives, in order to increase motivation of directors to enhance the Group’s performance and increasing corporate value over the medium to long term.

1. Outline of share-based payment plan

This is a share-based payment plan in which the Company's shares are acquired through a trust using the funds contributed by the Company, and the Company's shares and cash equivalent to the market value of the Company's shares (hereinafter referred to as "Company Shares, etc.") are granted to the Company's directors and executive officers, as well as certain directors of subsidiaries designated by the Company's board of directors, excluding outside directors of the Company and such subsidiaries (hereinafter referred to as "Eligible Officers") in accordance with the share grant regulations for officers established by the Company and its subsidiaries. The initial performance measurement period is set to be three fiscal years starting from April 1, 2022, to April 1, 2024, and from April 1, 2023, each fiscal year will be considered the first year of a three-year performance measurement period. Eligible Officers, excluding those who do not concurrently serve as the Company’s directors or executive officers will be paid performance-linked and share-based payment linked to the achievement ratio of the Company’s consolidated performance indicators during each of the eligible periods, while those who do not serve as the Company’s directors or executive officers will be paid fixed share-based payment according to their position, not linked to the Company's consolidated performance. The timing of distribution of Company Shares, etc., to the Eligible Officers is basically at their retirement.

2. Share-based compensation expense

Expenses arising from the share-based payment plan recorded in selling, general, and administrative expenses of the consolidated statement of income amounted to ¥197 million and ¥293 million ($1,835 thousand) for the years ended March 31, 2025 and 2026, respectively.

3. Fair value of granted points

The fair value of points granted in the year ended March 31, 2026, as of the granting date is ¥3,010 (US$18 thousand).

4. Change in the number of points during the period

Changes in the number of points for the years ended March 31, 2025 and 2026, are as follows:

	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Beginning balance	-	-
Granted	-	168,701
Exercised	-	20,077
Expired	-	-
Ending balance	-	148,624

33. Financial Instruments

(1) Capital management

The Group manages its capital in accordance with a finance policy focused on financial health, equity profitability, and equity efficiency in order to maximize enterprise value with continuous growth as a going concern.

Comparison between net liabilities and equity of the Group is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Interest-bearing debts	135,456	203,994	1,275,921
Cash and cash equivalents	73,036	98,334	615,054
Deposits	16,197	14,450	90,383
Interest-bearing debts (net)	46,223	91,208	570,482
Equity (equity attributable to owners of the parent)	475,528	517,168	3,234,729

(2) Financial risk management

The Group is exposed to a variety of risks, such as credit risk, liquidity risk, and market risk (foreign exchange risk and interest rate risk).

The Group utilizes derivatives, including forward foreign exchange contracts and interest rate swap contracts, to hedge market risk.

Derivative transactions are used according to the authorization policy set by the Group, and the Group does not have a policy to execute speculative transactions by utilizing derivative assets.

The Group funds required capital (mainly by bank loan and bonds) in accordance with the capital expenditure plan. Temporary surplus cash is invested in highly secured financial instruments, and short-term working capital is funded by bank loan.

The Group is always exposed to financial risks during corporate operation. The Group enters into risk management in order to minimize financial risks. The Group prevents the sources of the risks and tries to minimize risks when they are not avoidable.

(3) Credit risk management

Credit risk is the financial loss risk that a customer or counterparty of financial instruments will default on contractual obligations.

The Group is exposed to credit risks of customers associated with trade accounts receivable, trade notes receivable, and other receivables (loan receivables to customers).

The sales management and accounting departments of the Group monitor the financial situations of major customers on a regular basis in accordance with the Group's policy for trade receivables and also control due dates and outstanding balances for each customer.

The Group also identifies indications of concern regarding collections from the parties whose financial situations worsen and minimizes such risks. Concentration of credit risks on specific customer does not exist.

There is counterparty risk when the Group utilizes derivative transactions. The Group enters into derivative transactions generally with highly rated financial institutions in order to reduce credit risk.

For financial assets, the maximum exposure of the Group is the total carrying amount after impairment disclosed in the consolidated financial statements and the balance of guarantee liabilities.

There is no material balance of overdue receivables, which has not been impaired.

Receivables with carrying amounts that are expected to be difficult to collect are recognized as impairment loss for the amount between the carrying and recoverable amounts.

The changes in allowance for doubtful accounts are as follows:

(Millions of yen)

	Expected credit losses in 12 months	Expected credit losses in lifetime			Total
		Trade receivables	Financial assets whose credit losses increased significantly	Credit-impaired financial assets	
Balance at April 1, 2024	10	1,220	121	189	1,541
Increase	6	121	-	-	127
Decrease	(6)	(94)	(6)	-	(107)
Direct write-offs	-	(82)	-	-	(82)
Foreign exchange	(0)	(11)	-	(24)	(35)
Other	(0)	46	-	52	98
Balance at March 31, 2025	9	1,199	114	217	1,541
Increase	12	132	-	-	144
Decrease	(5)	(144)	(3)	-	(153)
Foreign exchange	0	68	-	19	87
Other	(2)	266	-	(75)	188
Balance at March 31, 2026	13	1,522	111	161	1,808

(Thousands of U.S. dollars)

	Expected credit losses in 12 months	Expected credit losses in lifetime			Total
		Trade receivables	Financial assets whose credit losses increased significantly	Credit-impaired financial assets	
Balance at March 31, 2025	57	7,502	718	1,360	9,638
Increase	79	827	-	-	906
Decrease	(37)	(903)	(21)	-	(961)
Foreign exchange	-	426	-	119	546
Other	(15)	1,668	-	(471)	1,181
Balance at March 31, 2026	84	9,521	697	1,008	11,311

(4) Liquidity risk management

Liquidity risk is the risk that the Group will encounter troubles in cash control due to changes in the market environment or deterioration of financial results of the subsidiaries of the Group, or that the Group will have no alternative but to raise funds with costs substantially higher than usual.

Trade and other payables, interest-bearing debts, and other noncurrent payables are exposed to liquidity risk. The Group controls the risk by preparing and updating its cash flow plans on a timely basis and maintaining enough liquidity.

Maturity analysis of financial liabilities (including derivative financial instruments) is as follows:

FY 3/2025 (as of March 31, 2025)

(Millions of yen)

	Carrying amount	Contractual cash flow	Within 1 year	More than 1 year and within 2 years	More than 2 years and within 3 years	More than 3 years and within 4 years	More than 4 years and within 5 years	More than 5 years
Nonderivative financial liabilities:								
Trade and other payables	144,703	144,703	144,703	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-	-
Bonds and borrowings	115,559	115,900	38,039	19,447	2,228	2,161	31,870	22,154
Lease liabilities	19,896	23,980	4,438	2,787	2,392	2,289	2,138	9,935
Noncurrent guarantee deposit received	640	640	-	2	0	-	-	637

FY 3/2026 (as of March 31, 2026)

(Millions of yen)

	Carrying amount	Contractual cash flow	Within 1 year	More than 1 year and within 2 years	More than 2 years and within 3 years	More than 3 years and within 4 years	More than 4 years and within 5 years	More than 5 years
Nonderivative financial liabilities:								
Trade and other payables	149,668	149,668	149,668	-	-	-	-	-
Commercial paper	22,000	22,000	22,000	-	-	-	-	-
Bonds and borrowings	153,535	158,867	52,013	3,286	3,135	32,748	32,277	35,404
Lease liabilities	28,458	34,631	5,345	3,755	3,268	3,052	2,624	16,586
Noncurrent guarantee deposit received	320	320	-	-	-	0	-	320

(Thousands of U.S. dollars)

	Carrying amount	Contractual cash flow	Within 1 year	More than 1 year and within 2 years	More than 2 years and within 3 years	More than 3 years and within 4 years	More than 4 years and within 5 years	More than 5 years
Nonderivative financial liabilities:								
Trade and other payables	936,129	936,129	936,129	-	-	-	-	-
Commercial paper	137,603	137,603	137,603	-	-	-	-	-
Bonds and borrowings	960,317	993,665	325,331	20,557	19,613	204,834	201,882	221,445
Lease liabilities	178,000	216,609	33,432	23,488	20,440	19,090	16,415	103,741
Noncurrent guarantee deposit received	2,003	2,003	-	-	-	1	-	2,002

(5) Market risk management

Market risk is the risk that fair value of financial instruments or future cash flows will fluctuate due to changes in market prices. Market risk consists of foreign exchange risk, interest rate risk, and other price risk.

1. Foreign exchange risk control

Foreign exchange risk is the risk that fair values of financial instruments or future cash flows will fluctuate due to changes in foreign exchange rates.

In terms of imports in foreign currencies, the Group utilizes forward foreign exchange contracts to reduce risk. However, cost fluctuations greater than those expected may temporarily occur due to foreign exchange rate fluctuations.

The principal foreign exchange risk of the Group is the rise of purchase prices due to fluctuations in foreign exchange rates.

Sensitive analysis of foreign exchange rates

Assuming that the Japanese yen depreciates by 1% against the U.S. dollar, the effect on income before tax is as follows:

The effects of translation of financial instruments based on functional currency and assets, liabilities, income, and expenses of foreign operations are not included.

It is assumed that other currencies that are not used in this calculation remain constant.

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Income before tax	(87)	(24)	(152)

2. Interest rate risk management

Interest rate risk is the risk that fair values of financial instruments or future cash flows will fluctuate due to changes in market interest rate.

The Group is exposed to interest rate risk due to borrowing funds from financial institutions.

The Group is exposed to interest rate risk because the Group borrows funds and bonds with fixed interest rates and variable interest rates.

The Group reduces such risk by maintaining a balance of borrowings with fixed interest rates and variable interest rates and also utilizes interest rate swap contracts.

Sensitivity analysis of interest rates

Assuming that interest rates increase by 1% for the borrowings with variable interest rates and the expected original principal remains constant, the effect on income before tax of the Group is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Income before tax	(67)	(200)	(1,255)

(6) Fair value of financial instruments

1. Measurement of fair value of financial instruments

The measurements of major financial instruments are as follows:

(a) Equity securities

Marketable securities are measured using market prices at the end of each fiscal year.

Nonmarketable securities are measured in accordance with valuation techniques, including the net assets approach, market comparable approach, and the discounted cash flow approach.

The market comparable approach calculates the share value of the investee by selecting listed companies that belong to similar industries and analyzing their financial indicators.

Under the discounted cash flow approach, the fair value is calculated by capital cost and earnings.

(b) Investment trusts

Investment trusts are calculated based on the quoted price obtained from the financial institutions with which the Company has transactions.

(c) Derivatives

Derivatives are calculated based on the quoted price obtained from the financial institutions with which the Company has transactions.

(d) Bonds

Bonds are calculated based on the market prices.

(e) Borrowings

Borrowings with variable interest rates are stated at their carrying amounts because the carrying amounts approximate fair value.

The fair value of borrowings is the present value of the remaining principal and interest discounted using a deemed interest rate on equivalent new borrowings.

2. Financial instruments measured at fair value on a recurring basis

The fair value hierarchy of financial instruments measured at fair value on a recurring basis in the consolidated statement of financial position is as follows:

FY 3/2025 (as of March 31, 2025)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative assets	-	17	-	17
Equity securities	47,166	-	4,463	51,629
Investment trusts	255	175	-	431
Total	47,421	193	4,463	52,078

FY 3/2026 (as of March 31, 2026)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative assets	-	116	-	116
Equity securities	57,103	1	4,440	61,545
Investment trusts	78	162	-	241
Total	57,182	280	4,440	61,903

(Thousands of U.S. dollars)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative assets	-	730	-	730
Equity securities	357,163	7	27,776	384,947
Investment trusts	492	1,019	-	1,511
Total	357,656	1,756	27,776	387,189

There were no transfers between Level 1, Level 2 and Level 3 for the years ended March 31, 2025 and 2026.

The changes in financial instruments categorized as Level 3 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Beginning balance	4,309	4,463	27,916
Gains and losses			-
Other comprehensive income (Note)	146	(215)	(1,346)
Purchases	-	207	1,295
Sales and settlements	(3)	(14)	(88)
Others	10	-	-
Ending balance	4,463	4,440	27,776

Note: The gains and losses included in other comprehensive income related to financial assets measured at FVTOCI at the consolidated statement of financial position date. These gains and losses are included in "Financial assets measured at FVTOCI" and "Foreign currency translation differences on foreign operations" in the consolidated statement of comprehensive income.

If the unobservable inputs have been changed to reflect reasonably possible alternative assumptions, the effect is expected to be insignificant.

3. Financial instruments measured at amortized cost

The carrying amount and fair value of major financial instruments measured at amortized cost are as follows:

	(Millions of yen)				(Thousands of U.S. dollars)	
	FY 3/2025 (As of March 31, 2025)		FY 3/2026 (As of March 31, 2026)		FY 3/2026 (As of March 31, 2026)	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities						
Bonds (Note1)	49,841	48,673	49,870	47,563	311,924	297,491
Borrowings (Note 2)	42,463	42,539	73,472	72,441	459,549	453,099
Total	92,305	91,212	123,343	120,004	771,474	750,591

Note 1: The fair value of bonds is calculated based on market value and classified into Level 2.

Note 2: Borrowings, including current portion of long-term borrowings, are mainly classified into Level 2 and Level 3. The fair value of borrowings is the present value of the remaining principal and interest discounted using a deemed interest rate on equivalent new borrowings.

4. Valuation process

Fair values of financial instruments are measured in accordance with valuation policies and procedures approved by appropriate authorities, and the valuation method for each asset and liability is determined by the appraiser in the Group.

(7) Offsetting financial assets and financial liabilities

The following table presents the amounts of financial assets and liabilities offset in the consolidated statement of financial position and the amounts of financial assets and liabilities that are under enforceable master netting arrangements or similar agreements, but are not offset because they do not meet a part or all criteria for offsetting:

Rights to offset based on enforceable master netting arrangements or similar agreements are enforceable only in certain circumstances, such as default on obligations by counterparties due to bankruptcy or other reasons.

FY 3/2025 (as of March 31, 2025)

(Millions of yen)

	Gross amount of financial assets	Gross amount of financial assets and liabilities offset in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Financial instruments not offset in the consolidated statement of financial position	Net amount
Financial assets:					
Trade and other receivables	1,203	79	1,123	-	1,123
Total	1,203	79	1,123	-	1,123

(Millions of yen)

	Gross amount of financial liabilities	Gross amount of financial assets and liabilities offset in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Financial instruments not offset in the consolidated statement of financial position	Net amount
Financial liabilities:					
Trade and other payables	145	79	66	-	66
Total	145	79	66	-	66

FY 3/2026 (as of March 31, 2026)

(Millions of yen)

	Gross amount of financial assets	Gross amount of financial assets and liabilities offset in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Financial instruments not offset in the consolidated statement of financial position	Net amount
Financial assets:					
Trade and other receivables	2,002	123	1,878	-	1,878
Total	2,002	123	1,878	-	1,878

(Thousands of U.S. dollars)

	Gross amount of financial assets	Gross amount of financial liabilities offset in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Financial instruments not offset in the consolidated statement of financial position	Net amount
Financial assets:					
Trade and other receivables	12,522	770	11,751	-	11,751
Total	12,522	770	11,751	-	11,751

(Millions of yen)

	Gross amount of financial liabilities	Gross amount of financial assets and liabilities offset in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Financial instruments not offset in the consolidated statement of financial position	Net amount
Financial liabilities:					
Trade and other payables	1,458	123	1,335	-	1,335
Total	1,458	123	1,335	-	1,335

(Thousands of U.S. dollars)

	Gross amount of financial liabilities	Gross amount of financial assets offset in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Financial instruments not offset in the consolidated statement of financial position	Net amount
Financial liabilities:					
Trade and other payables	9,124	770	8,354	-	8,354
Total	9,124	770	8,354	-	8,354

(8) Derivatives and hedge accounting

The Company designates forward foreign exchange contracts as hedging instruments to hedge the variability of cash flows concerning foreign currency-denominated liabilities or forecasted transactions in foreign currencies, and designates interest rate swap contracts as hedging instruments to hedge fluctuations in cash flows related to borrowings with variable interest rates. Derivatives are managed according to the Company's internal rules, which stipulate authorization and limitation of transactions.

In order to reduce credit risk, the counterparties to these derivatives are limited to highly rated financial institutions.

Carrying amount and changes in fair values of hedging instruments by type of hedge accounting are as follows:

FY 3/2025 (as of March 31, 2025)

(Millions of yen)

Hedge type	Risk type	Hedging instrument	Notional amount	Carrying amount (fair value) (Note)	
				Assets	Liabilities
Cash flow hedges	Foreign exchange risk	Forward exchange transactions Buying contracts USD	1,599	4	-
	Interest rate risk	Interest rate swaps Fixed-rate payment and variable rate receipt	748	13	-
Total			2,348	17	-

The average rate applied to the forward foreign exchange contracts is ¥143.2 per U.S. dollar. The average interest rate applied to the interest rate swap contracts is 0.7%.

FY 3/2026 (as of March 31, 2026)

(Millions of yen)

Hedge type	Risk type	Hedging instruments	Notional amount	Carrying amount (fair value) (Note)	
				Assets	Liabilities
Cash flow hedges	Foreign exchange risk	Forward exchange transactions Buying contracts USD	2,398	95	-
	Interest rate risk	Interest rate swaps Fixed-rate payment and variable rate receipt	722	21	-
Total			3,120	116	-

(Thousands of U.S. dollars)

Hedge type	Risk type	Hedging instruments	Notional amount	Carrying amount (fair value)	
				Assets	Liabilities
Cash flow hedges	Foreign exchange risk	Forward exchange transactions Buying contracts USD	15,000	598	-
	Interest rate risk	Interest rate swaps Fixed-rate payment and variable rate receipt	4,518	131	-
Total			19,518	730	-

The average rate applied to the forward foreign exchange contracts is ¥143.4 per U.S. dollar. The average interest rate applied to the interest rate swap contracts is 0.7%.

Note: The amounts in the consolidated statement of financial position of current and noncurrent assets and liabilities are recorded in "Other financial assets" or "Other financial liabilities" based on their maturity dates.

The cash flows in cash flow hedges are expected to be generated in one month to one year for the forward foreign exchange contracts and one month to 7 years for interest rate swap contracts and are expected to have an effect on profit or loss in the same period.

The changes in cash flow hedges arising from hedge instruments designated as cash flow hedge are as follows:

FY 3/2025 (from April 1, 2024, to March 31, 2025)

(Millions of yen)

	Foreign exchange risk	Interest rate risk	Total
Balance at April 1, 2024	37	2	39
Amount arising during the year (Note 1)	(190)	9	(181)
Reclassification adjustments (Note 2)	140	1	141
Income tax effect	15	(3)	12
Balance at March 31, 2025	3	9	12

FY 3/2026 (from April 1, 2025, to March 31, 2026)

	(Millions of yen)			(Thousands of U.S. dollars)		
	Foreign exchange risk	Interest rate risk	Total	Foreign exchange risk	Interest rate risk	Total
Balance at April 1, 2025	3	9	12	20	57	76
Amount arising during the year (Note 1)	(73)	7	(66)	(462)	44	(416)
Reclassification adjustments (Note 2)	165	0	166	1,034	5	1,038
Income tax effect	(28)	(2)	(31)	(180)	(15)	(197)
Balance at March 31, 2026	65	14	78	411	90	500

Note 1: Changes in fair value of hedged items used as the basis for recognition of the ineffective portion of hedges match with the changes in fair value of hedged instruments.

2: Reclassification adjustments attributed to the effects of hedged items on profit or loss are recognized under finance income or costs in the consolidated statement of income.

34. Related-Party Transactions

(1) Related-party transactions

FY 3/2025 (from April 1, 2024, to March 31, 2025)

Type	Name	Transaction	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)
Other related party	Intech Lease K.K.	Lease of vending machines	393	Lease liabilities	117

FY 3/2026 (from April 1, 2025, to March 31, 2026)

						(Thousands of U.S. dollars)	
Type	Name	Transaction	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)	Transaction amount	Outstanding balance
Other related party	Intech Lease K.K.	Lease of vending machines	430	Lease liabilities	204	2,693	1280

Note: Leases are executed after comparing quotations on general lease operations with other lease companies.

(2) Compensation of key management personnel

Compensation for the Group's directors and other executives is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Remuneration and bonuses	1,536	1,708	10,688
Performance-based stock compensation	135	328	2,057
Total	1,671	2,037	12,745

35. Subsidiaries and Associates

(1) The Company does not own the majority of voting rights of KOIKE-YA Inc. However, the Company determined that it has control over KOIKE-YA Inc. and included it in the scope of consolidation, considering the fact that the Company holds 45.12% of the voting rights of KOIKE-YA Inc., the dispersion of voting rights in KOIKE-YA Inc., and the voting patterns exercised in KOIKE-YA Inc.'s past shareholders' meetings.

(2) Consolidated subsidiaries with material noncontrolling interests
Summarized financial information in the consolidated subsidiary with material noncontrolling interests is as follows:
Summarized financial information is based on amounts before elimination in consolidation.

NISSIN FOODS CO., LTD. (NISSIN FOODS CO., LTD. and its group companies)

1. General information

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Noncontrolling interests held by noncontrolling owner (%)	27.95	27.95	27.95
Accumulated noncontrolling interests of the subsidiary	21,700	24,577	153,727

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Profit allocated to the noncontrolling interests of the subsidiary	1,158	1,966	12,302

2. Summarized statements of financial position

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Current assets	46,259	55,980	350,141
Noncurrent assets	43,976	46,778	292,584
Current liabilities	15,851	17,860	111,714
Noncurrent liabilities	2,604	3,781	23,649
Equity	71,778	81,116	507,361

3. Summarized statements of income and comprehensive income

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Revenue	76,819	78,144	488,769
Profit	3,871	6,783	42,431
Comprehensive income	2,463	7,220	45,158

4. Summarized statements of cash flows

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (From April 1, 2024, to March 31, 2025)	FY 3/2026 (From April 1, 2025, to March 31, 2026)	FY 3/2026 (From April 1, 2025, to March 31, 2026)
Net cash from operating activities	10,548	9,520	59,548
Net cash from investing activities	(7,287)	2,722	17,030
Net cash from financing activities	(3,912)	(3,183)	(19,911)
Effect of exchange rate changes on cash and cash equivalents	(1,467)	2,668	16,693
Net decrease in cash and cash equivalents	(2,119)	11,728	73,360

36. Commitments

Commitments on payment after the end of each reporting period are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	FY 3/2025 (As of March 31, 2025)	FY 3/2026 (As of March 31, 2026)	FY 3/2026 (As of March 31, 2026)
Commitments to purchase property, plant, and equipment	46,991	25,162	157,381

37. Subsequent events

There are no relevant matters.

Deloitte.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
NISSIN FOODS HOLDINGS CO., LTD.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of NISSIN FOODS HOLDINGS CO., LTD. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2026, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

<table>
<tr><td colspan="2">Revenue recognition (Note 6. Segment Information and Note 25. Revenue)</td></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter Was Addressed in the Audit</th></tr>
<tr><td>As disclosed in Note 6. "Segment Information" and Note 25. "Revenue" to the consolidated financial statements, revenue recognized for the NISSIN FOOD PRODUCTS segment amounted to ¥241,940 million for the year ended March 31, 2026, which accounted for 31% of the Group's total consolidated revenue.

The NISSIN FOOD PRODUCTS segment mainly consists of NISSIN FOOD PRODUCTS CO., LTD. ("Nissin Food Products"), which manufactures a wide variety of bag-type and cup-type noodles in its five domestic factories and sells to both wholesalers and retailers through Japanese trading companies.

The revenue is calculated by multiplying the unit price registered in the Enterprise Resource Planning ("ERP") system by the sales quantities entered into the ERP system based on orders received and fixed upon shipment. Nissin Food Products constantly launches new products, requiring frequent registration of new unit prices in the ERP system. Additionally, Nissin Food Products also sells a wide variety of products in large quantities on a daily basis, generating a high volume of shipment and sales data.

There are automated internal controls in place to mitigate the risks of material misstatements in the sales process such as order receipt, shipping, recording of sales, billing and cash collection, all of which are processed in the same ERP system. However, the Nissin Food Products' revenue process also includes manual controls. As such, as more unit prices are registered in the ERP system and shipping volumes increase, the possibility of revenue being inaccurately recognized due to inappropriate unit prices and sales quantities entered into the system also increases.

Accordingly, we determined the accuracy of revenue recognition to be a key audit matter.</td><td>In order to evaluate the accuracy of revenue recognition, we performed the following audit procedures, among others:

• We tested the design and operating effectiveness of controls over sales processes related to order receipt, shipping, billing and recording of sales, specifically focusing on processes to ensure that the sales information was complete and accurate in the ERP system.

• With the assistance of our Information Technology ("IT") specialists, we tested the effectiveness of general IT controls such as access controls, change management controls and IT operation controls of the ERP system that support the sales processes.

• We analyzed revenues by department and by customer in order to identify unusual transactions or trends, such as unexpected achievement of profit targets, significant fluctuations and high-margin transactions.

• We analyzed revenues by product brand based on sales quantities in order to identify unusual transactions or trends.

• We selected samples of revenue transactions using a non-statistical method and inspected supporting documents, such as details of payments received from customers and bank statements in order to test the accuracy of revenue.</td></tr>
</table>

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in Financial Data Book, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards as issued by the IASB and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRS Accounting Standards as issued by the IASB, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2026, which were charged by us and our network firms to NISSIN FOODS HOLDINGS CO., LTD. and its subsidiaries were ¥308 million and ¥95 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Masato Shoji
Designated Engagement Partner
Certified Public Accountant

Osamu Hattori
Designated Engagement Partner
Certified Public Accountant

Deloitte Touche Tohmatsu LLC
September 1, 2026