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seasoning your life

Kikkoman Group Corporate Report 2021
Financial Section

Note: Fiscal years in this report are April to March.
Example: FY2021 = April 2020–March 2021

Starting with consolidated financial statements for the year ended March 31, 2021, Kikkoman Corp. adopted IFRS. Consolidated results for the year ended March 31, 2020 have been adjusted to reflect IFRS.

Kikkoman Corporation

Management's Discussion and Analysis

OPERATING RESULTS

Domestic Group sales declined in FY2021, ended March 31, 2021, with sales of food products, beverages, and liquor and wine falling below previous-year levels. Profits were up, however, boosted by lower selling expenses and a drop in the cost of raw materials, among other things. Overseas, performance in the food manufacturing and sales business was solid, and although sales were down in the Foods—Wholesale business, overall sales and profits were up over the previous fiscal year.

As a result, revenue was down by ¥215 million to ¥439,411 million—roughly unchanged from the previous fiscal year—while business profit was up by ¥4,609 million, or 12.1%, to ¥42,650 million and profit attributable to owners of the parent rose by ¥4,332 million, or 16.1%, to ¥31,159 million.

Revenue

(Millions of yen)

	2021	2020	Change	
Domestic Foods—Manufacturing and Sales	¥ 148,122	¥ 151,641	¥ (3,519)	(2.3%)
Domestic Others	21,186	21,341	(155)	(0.7%)
Overseas Foods—Manufacturing and Sales	100,832	95,323	5,508	5.8%
Overseas Foods—Wholesale	198,332	200,128	(1,795)	(0.9%)
Adjustments	(29,061)	(28,808)	(253)	—
Consolidated	¥ 439,411	¥ 439,627	¥ (215)	(0.0%)

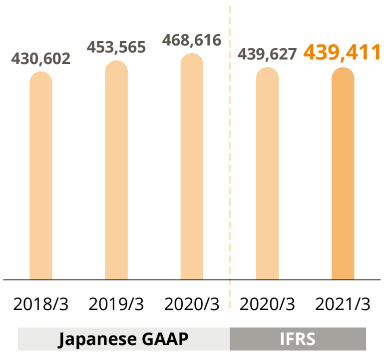
Business Profit

(Millions of yen)

	2021	2020	Change	
Domestic Foods—Manufacturing and Sales	¥ 11,631	¥ 11,252	¥ 379	3.4%
Domestic Others	1,915	1,678	236	14.1%
Overseas Foods—Manufacturing and Sales	20,416	18,586	1,830	9.8%
Overseas Foods—Wholesale	10,556	8,320	2,236	26.9%
Adjustments	(1,869)	(1,795)	(74)	—
Consolidated	¥ 42,650	¥ 38,041	¥ 4,609	12.1%

Revenue*

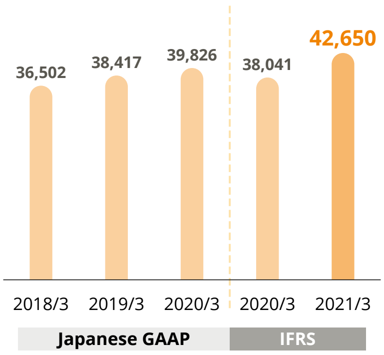
(Millions of yen)



* Net sales from FY2018 to FY2020 are based on Japanese GAAP.

Business Profit*

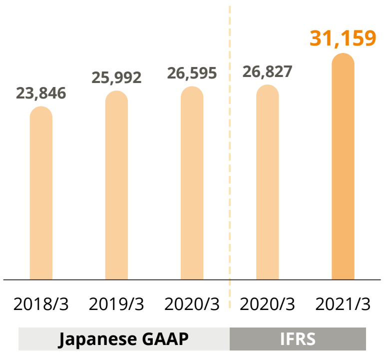
(Millions of yen)



* Operating profit from FY2018 to FY2020 is based on Japanese GAAP.

Profit for the Year Attributable to Owners of the Parent*

(Millions of yen)



* Profit attributable to owners of parent from FY2018 to FY2020 is based on Japanese GAAP.

SEGMENT INFORMATION

Domestic

Foods—Manufacturing and Sales

This business segment manufactures and sells the products listed below in the domestic market.

Division	Main Products
Soy Sauce Division	• Soy sauce
Food Products Division	• *Tsuyu* (soy sauce soup base) • *Tare* (dipping and marinade sauces) • Handy seasoning mixes • Del Monte seasonings
Beverages Division	• Soy milk beverages • Del Monte beverages
Liquor and Wine Division	• *Mirin* (sweet sake for cooking) • Wines

Others

This business segment covers the production and sale of clinical diagnostic reagents, hygiene inspection agents, processing enzymes and chemical products such as hyaluronic acid, as well as real estate rental, logistics and back-office support for the Kikkoman Group, and other businesses.

Overseas

Foods—Manufacturing and Sales

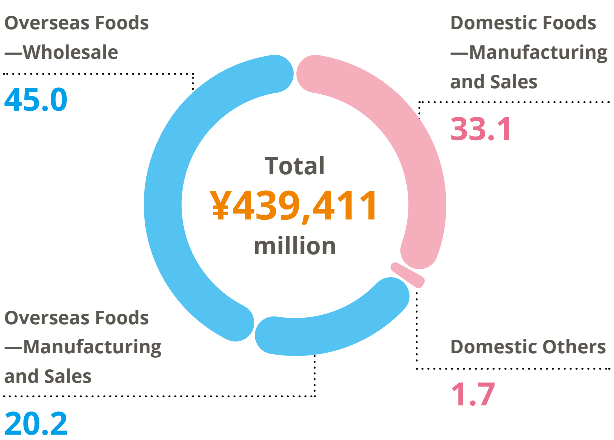
This business segment manufactures and sells the products listed below in overseas markets.

Division	Main Products	Main Region
Soy Sauce Division	• Soy sauce • *Teriyaki* sauce	North America, Europe, Asia/Oceania
Del Monte Division	• Canned fruits • Canned corn • Tomato ketchup	Asia/Oceania (Excluding the Philippines)
Other Foods Division	• Health foods	North America

Foods—Wholesale

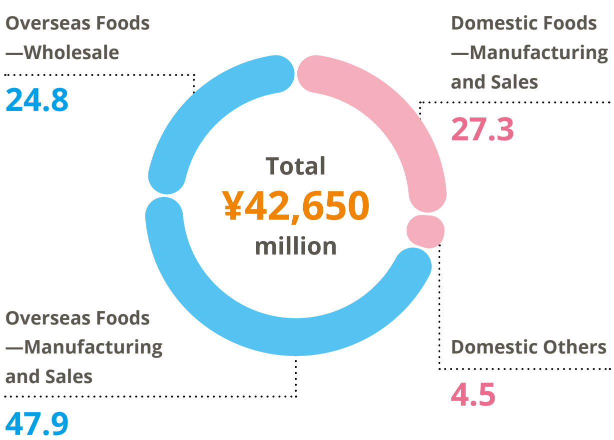
This business segment purchases and sells oriental food products in Japan and overseas.

Revenue Composition (FY2021)



* Ratios for each business in breakdown of revenue are after elimination of transactions between businesses.

Business Profit Composition (FY2021)



* Breakdown of business profit includes an adjustment of -4.4% (-¥1,869 million) related to transactions between businesses.

DOMESTIC

Foods—Manufacturing and Sales

Revenue in this segment fell 2.3% to ¥148,122 million and business profit increased 3.4% to ¥11,631 million, with revenue decreasing and profits increasing year on year.

Soy Sauce Division

Sales of *Itsudemo Shinsen* series grew due to marketing activities centered on TV commercials reflecting growing recognition in the market of the product's added value. Sales of PET bottle products such as *Tokusen Maru Zaizu* also increased compared with the previous fiscal year. However, sales in the industrial-use and food service-use sectors declined compared with the previous fiscal year. As a result, revenue of the overall division decreased compared with the previous fiscal year.

Food Products Division

Tsuyu rose year on year as sales of condensed *tsuyu* products such as *Koidashi Hon Tsuyu* grew. In *tare*, although sales of the mainstay *Wagaya wa Yakinikuyasan* series were strong, sales in the industrial-use and food service-use sectors were weak, so sales declined compared with the previous fiscal year. Sales of the *Uchi no Gohan* series (handy Japanese-style seasoning mixes) decreased compared to the previous year. In Del Monte seasonings, although sales grew in the home-use sector, sales in the industrial-use and food service-use sectors declined compared with the previous fiscal year. As a result, revenue of the overall division decreased compared with the previous fiscal year.

Beverages Division

Amid rising interest in healthy lifestyles, the number of consumers using soy milk as a cooking ingredient as well as a beverage increased, driving higher sales of plain soy milk products. Due to the impact of the COVID-19 pandemic, however, sales of prepared soy milk 200ml, a mainstay product, were sluggish, remaining roughly on par with the previous fiscal year. In Del Monte beverages, sales fell year on year due to weak sales of fruit juice products. As a result, revenue of the overall division decreased compared with the previous fiscal year.

Liquor and Wine Division

Due to rising demands in the home-use sector, highvalue-added products such as *Komekoji Kodawari-jikomi Hon Mirin* (premium sweet sake for cooking) and *Noukou Jukusei Hon Mirin* (well-aged sake for cooking) were strong, products in large containers for food service and industrial users were weak. As a result, sales of *Hon Mirin* declined year on year. Sales of wine declined due to weak demands of hotels and restaurants. As a result, revenue of the overall division decreased compared with the previous fiscal year.

Others

Revenue in this segment fell 0.7% to ¥21,186 million but business profit increased 14.1% to ¥1,915 million, with revenue decreasing and profits increasing year on year.

In the chemical products category revenue increased compared with the previous fiscal year. Although sales of clinical diagnostic enzymes declined, sales of hygiene monitoring were strong. Sales of logistics category fell. As a result, revenue of the overall division decreased compared with the previous fiscal year.

OVERSEAS

Foods—Manufacturing and Sales

Revenue in this segment rose 5.8% to ¥100,832 million and business profit increased 9.8% to ¥20,416 million, with revenue and profits both increasing year on year.

Soy Sauce Division

In North America, we pursued business development based on the Kikkoman brand mainly in the home-use sector, and enhanced the lineup of mainstay soy sauce products as well as other products such as soy sauce-based seasonings. As a result, sales in North America increased from the previous fiscal year. In the European market, sales increased year on year, reflecting a strong performance in key markets such as U.K. and Germany. In Asia/Oceania, although sales fell in China due to the pandemic of COVID-19, sales in Southeast Asia and Australia rose. As a result, revenue in the overseas Soy Sauce Division increased compared with the previous fiscal year.

Del Monte Division

This division manufactures and sells items such as canned fruit, corn products, and tomato ketchup in the Asia/Oceania region. Due to big impacts from international traffic restrictions caused by COVID-19, recovery in the food service sector were delayed. As a result, overall revenue of this division decreased year on year.

Other Foods Division

This division manufactures and sells health food products, mainly in the North American market. Overall revenue of this division decreased year on year.

Foods—Wholesale

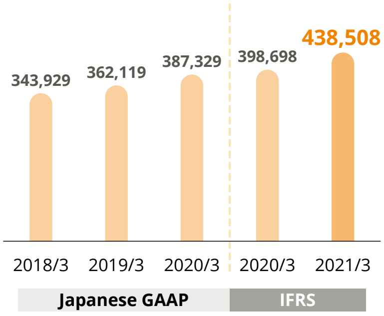
Revenue in this segment fell 0.9% to ¥198,332 million while business profit increased 26.9% to ¥10,556 million, with revenue decreasing and profits increasing year on year.

Sales in North America decreased year on year due to a sharp decline in the restaurant industry. Sales in Europe decreased for the same reason. Sales in Asia/Oceania increased for reasons such as a consolidation of a group company in Taiwan in the second quarter. As a result, revenue in this segment was almost the same as the previous fiscal year.

FINANCIAL POSITION

Total Assets*

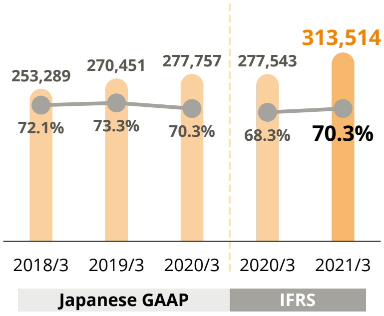
(Millions of yen)



* Total assets from FY2018 to FY2020 are based on Japanese GAAP.

Total Equity/Equity Attributable to Owners of the Parent to Total Assets*

(Millions of yen)

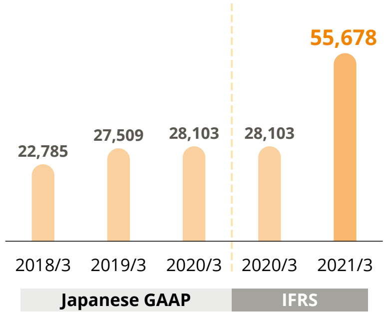


Total Equity
Equity Attributable to Owners of the Parent to Total Assets

* Net assets/equity ratio from FY2018 to FY2020 is based on Japanese GAAP.

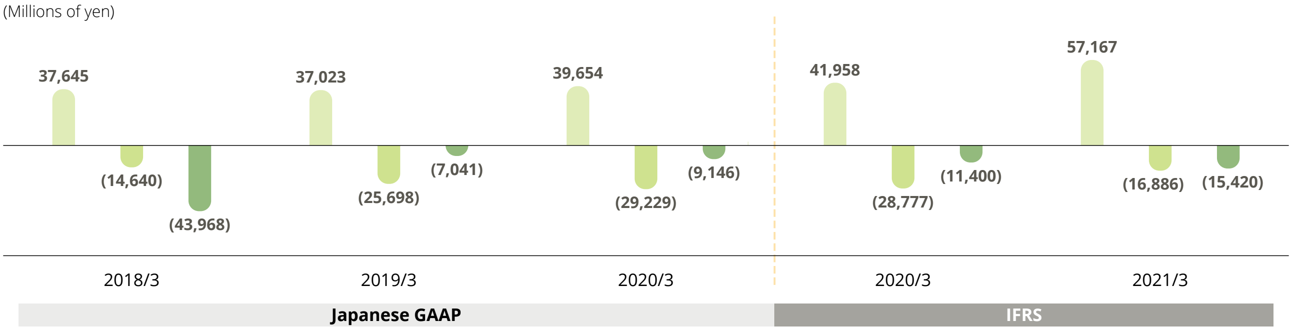
Cash and Cash Equivalents

(Millions of yen)



Cash Flows

(Millions of yen)



Operating cash flow Investing cash flow Financing cash flow

ASSETS

Current assets as of March 31, 2021 increased by ¥32,631 million from the end of the previous fiscal year, mainly reflecting an increase in cash and cash equivalents. Non-current assets increased by ¥7,178 million, due mainly to an increase in other financial assets and employee defined benefit assets. As a result, total assets were ¥438,508 million, an increase of ¥39,810 million from the end of the previous fiscal year.

LIABILITIES

Current liabilities as of March 31, 2021 increased by ¥4,579 million from the end of the previous fiscal year. This was mainly due to an increase in trade and other payables. Non-current liabilities were down by ¥740 million, mainly as a decrease in employee defined benefit liabilities offset an increase in deferred tax liabilities. As a result, total liabilities were ¥124,993 million, an increase of ¥3,838 million from the end of the previous fiscal year.

EQUITY

Equity as of March 31, 2021 increased by ¥35,971 million from the end of the previous fiscal year. This was mainly due to increases in retained earnings and the exchange differences on translation of foreign operations. As a result, total equity was ¥313,514 million, and the ratio of equity attributable to owners of the parent to total assets was up 2.0% to 70.3%.

CASH FLOWS

Cash and cash equivalents were ¥55,678 million as of March 31, 2021, an increase of ¥27,574 million compared with the end of the previous fiscal year.

Details of cash flow positions in each type of activity and the major contributing factors during the fiscal year under review are described as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥57,167 million, an increase of ¥15,209 million from the previous fiscal year. This mainly reflected an increase in cash provided from profit before income taxes and decreases in trade and other receivables and inventories.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥16,886 million, mainly reflecting cash used for the acquisition of property, plant and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥15,420 million, mainly reflecting cash used for dividends paid and for the repayment of lease obligations.

RISK FACTORS

Listed below are the main business and accounting risks faced by the Kikkoman Group that could have a significant impact on investor decisions. Kikkoman’s Group Management Committee analyzes and examines the Group’s risks and screens for material risks. Forward-looking statements in this report are based on information available to the Kikkoman Group as of June 22, 2021.

Risks Related to the Social Environment

1. Natural disasters and other events

The Group has production sites in North America, Europe and Asia, as well as in Japan, based on the principle of manufacturing products in local markets. To prepare for unforeseen events, the Group has formulated a Business Continuity Plan (BCP). The Group conducts training and reviews the plan as appropriate. However, damage caused by natural disasters such as earthquakes, hurricanes, droughts and severe rain storms, or major accidents and other events that lead to the suspension of production activity, supply-chain disruption or other conditions that exceed the Group's forecasts, could have an impact on the Kikkoman Group's business results and financial position.

2. Fluctuations in raw material prices

The Group formulates budgets that factor in the impact of fluctuations in crude oil prices and prices for international commodities such as soybeans and wheat, which are used in soy sauce, soy milk and other mainstay Kikkoman products, allowing the Group to monitor and respond to the monetary impact of price fluctuations on a monthly basis. However, a sharp increase in prices due to larger-than-expected market fluctuations, production shortages caused by abnormal weather, cold summers, warm winters and other changes in the climate, or other similar events, could have an impact on the Kikkoman Group's business results and financial position.

3. Social and economic disruption

The Group operates in many regions worldwide, including North America, Europe and Asia, as well as Japan, allowing the Group to spread the risk of fluctuations in regional economies. However, global pandemics such as COVID-19 or major social or economic disruption caused by political upheaval, terrorist incidents, armed conflict, rapid changes in the market environment, or other similar events in regions where the Group operates, could have an impact on the Kikkoman Group's business results and financial position.

Risks Related to the Business Environment

1. Changes in the competitive environment

The Group formulates medium- and long-term management plans based on projections for trends related to society, consumers, competitors and other factors. The Group also uses its research and development system to create innovative technologies. However, developments in the operating environment, such as changes in the values and preferences of consumers over the medium term, the emergence of new competitors, or dramatic improvements in the quality of products sold by competitors, or innovations in information technology, could depress demand for the Group's products and services, which could have an impact on the Kikkoman Group's business results and financial position.

2. Response to global environmental issues

The Group is addressing environmental issues based on its Long-term Environmental Vision. However, amid rising international interest in the environment, an insufficient response to these issues could lead to limits on production volume, financial penalties or other restrictions, or a loss of public trust, which could have an impact on the Kikkoman Group's business results and financial position.

Risks Related to Compliance

1. Compliance

The Group is subject to various legal regulations in Japan, such as the Food Sanitation Act, Product Liability Act and Antimonopoly Act, as well as legal regulations in other countries where it operates. The Group has established the Kikkoman Group Code of Conduct, conducts training to ensure compliance, and takes other steps to raise awareness of and rigorously enforce compliance. The Group has also established and operates internal control systems in each business process. However, changes to legal regulations, a tighter regulatory framework or other developments that make it harder to maintain existing business approaches or product specifications, or business conduct that infringes laws and regulations or is inconsistent with social obligations, could have an impact on the Kikkoman Group's business results and financial position.

2. Infringement of intellectual property rights and copyrights

The Group secures patents, utility model rights, trademarks and other protections as needed for technologies developed within the Group. The Group regards these rights as an important management resource with many benefits for its business. As such, the Group has a specialist division that is responsible for rigorously managing its rights, including confirming that the Group does not infringe product manufacturing methods patented by other companies. However, similar products made by other companies, superior technologies developed by other companies, or legal disputes with other companies related to the infringement of intellectual property rights or other matters, could have an impact on the Kikkoman Group's business results and financial position.

Risks Related to Information Systems and Information Security

The Group operates IT systems in product development, manufacturing, logistics, sales and other operational areas, and retains important information related to Group management, companies and individuals.
The Group takes steps to protect and preserve this data and rigorously enforces the use of its information management system. However, power failures, disasters, software or equipment defects, computer viruses, unauthorized access or other events that exceed the Group's forecasts, could lead to IT system failures, data leaks, data falsification or other damage, which could have an impact on the Kikkoman Group's business results and financial position.

Risks Related to Food Safety

The Group believes that its fundamental mission is to ensure reliable supplies of safe, high-quality products. As such, the Group has established the Kikkoman Group Quality Policy and is working to reinforce its quality assurance system and quality management system. However, product-related accidents, including random events, which exceed the scope of measures being taken by the Group, could have an impact on the Kikkoman Group's business results and financial position.

Risks Related to Human Resources

The Group aims to increase labor productivity through capital investment, operational efficiency improvements and other measures, while also working to attract and train human resources with advanced skills in each country and for each job type. However, difficulties securing the necessary personnel due to a decline in the working population in Japan and sharply rising labor costs in other countries worldwide could interfere with business execution or business expansion, which could have an impact on the Kikkoman Group's business results and financial position.

Risks Related to Finances

1. Exchange rate fluctuations

The Group's Medium-Term Management Plans, budgets and earnings forecasts are formulated based on assumptions for exchange rate fluctuations and other risks. However, larger-than-expected fluctuations in exchange rates that lead to steep increases in the price of raw materials and products procured in foreign currencies, or that result in nominal declines in earnings at overseas subsidiaries and equity-method affiliates when converted into Japanese yen, could have an impact on the Kikkoman Group's business results and financial position.

2. Asset impairment accounting

In line with the Group's decision-making guidelines for investment, the Board of Directors is required to approve investments in new businesses, capital investment, M&A deals and other items where the investment amount exceeds a certain level, taking into account expected returns on investment and other factors. However, asset impairment accounting may be applied to such investments in the event that earnings and returns do not meet expectations at the time the investment is approved, which could have an impact on the Kikkoman Group's business results and financial position.

Consolidated Financial Statements

KIKKOMAN CORPORATION
and Consolidated Subsidiaries

Year ended March 31, 2021
with Independent Auditor's Report

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Independent Auditor's Report

The Board of Directors
KIKKOMAN CORPORATION

Opinion

We have audited the accompanying consolidated financial statements of KIKKOMAN CORPORATION and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of long-lived assets of Manns Wine Co., Ltd.	
Description of Key Audit Matter	Auditor's Response
As described in Note 13. Property, Plant and Equipment to consolidated financial statements, during the year ended March 31, 2021, the Group has recognized impairment loss of ¥1,185 million on long-lived assets in the domestic wine manufacturing and sales business located in Yamanashi and Nagano prefectures of Manns Wines Co., Ltd., a consolidated subsidiary, as sales of products at the shops significantly decreased corresponding to the decrease in tourists, sales in the industrial- and foodservice-use sectors remained sluggish as a result of self-restraint of business in the hotel and restaurant industry and furthermore, a rapid recovery of sales in those areas could not be expected. The Company measures the recoverable amount of the assets based on its fair value less costs of disposal, which was higher than its value in use. The fair value less costs of disposal was mainly measured based on real estate appraisal value by an external real-estate appraiser. The value in use was calculated as the present value of estimated future cash flows which are determined primarily based on the business plan approved by the management of Manns Wine Co. Ltd., including significant assumptions in estimating the future cash flows such as the growth rates of sales, the amount of planned maintenance capital expenditure and the discount rates. Since the real estate appraisal value include key technical items such as valuation methodologies and comparative prices and the present value of estimated future cash flows includes uncertainties and significant judgement by the management, we have determined impairment of long-lived assets to be a key audit matter.	Our audit procedures we performed to assess impairment loss on long-lived assets of Manns Wines Co., Ltd. included the following, among others: ・ We performed the following audit procedures for the real estate appraisal value: 　・ We evaluated competence, capabilities and objectivity of the external real-estate appraiser engaged by the management. 　・ We evaluated the key technical items such as valuation methodologies and comparative prices. 　・ We included our network firm specialists in responding to the audit procedures. ・ We performed the following audit procedures to evaluate the present value of estimated future cash flows: 　・ We compared the estimated future cash flows with the business plan approved by the management of Manns Wines Co., Ltd. to verify consistency. 　・ We evaluated the growth rates of sales, by discussing with the management, performing trend analysis based on the past performance, and comparing consumer trend analysis related to tourism and restaurant industry prepared by third parties. 　・ We reviewed the minutes of the Board of Directors meeting of Manns Wines Co., Ltd., to compare the amount of planned maintenance capital expenditure. We also discussed with the management about the background of such expenditure and the management's decision. 　・ We compared input data used to determine discount rates with external data and performed recalculations. ・ In order to assess adequacy of the determination of the recoverable amount, we made a comparison of the fair value less costs of disposal and the value in use.

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Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, 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 and disclosing, as required by IFRSs, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing 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. 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not 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 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 in accordance with IFRSs.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with the Corporate Auditor and the Board of Corporate Auditors 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 the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, 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.

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.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 22, 2021

福原正三

Shozo Fukuhara
Designated Engagement Partner
Certified Public Accountant

宮沢琢

Taku Miyazawa
Designated Engagement Partner
Certified Public Accountant

多田雅之

Masayuki Tada
Designated Engagement Partner
Certified Public Accountant

KIKKOMAN CORPORATION and Consolidated Subsidiaries

Consolidated Statement of Financial Position

	March 31,		April 1,	March 31,
	2021	**2020**	**2019**	**2021**
		(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Assets				
Current assets:				
Cash and cash equivalents *(Note 8)*	**¥55,678**	¥28,103	¥27,253	**$502,918**
Trade and other receivables *(Notes 9 and 34)*	**62,579**	61,608	61,700	**565,252**
Inventories *(Note 10)*	**63,085**	60,956	59,222	**569,822**
Other financial assets *(Notes 11 and 34)*	**5,598**	3,096	3,998	**50,565**
Other current assets *(Note 12)*	**5,403**	5,949	4,681	**48,803**
Total current assets	**¥192,346**	¥159,714	¥156,856	**$1,737,386**
Non-current assets:				
Property, plant and equipment *(Note 13)*	**127,077**	125,189	114,806	**1,147,837**
Investment properties *(Note 16)*	**9,388**	9,467	9,583	**84,798**
Right-of-use assets *(Note 15)*	**22,145**	22,110	23,934	**200,027**
Goodwill *(Note 14)*	**5,006**	4,847	4,993	**45,217**
Intangible assets *(Note 14)*	**5,075**	4,946	5,280	**45,840**
Investments in associates accounted for using the equity method *(Note 17)*	**3,545**	3,043	3,118	**32,021**
Other financial assets *(Notes 11 and 34)*	**63,267**	61,059	62,338	**571,466**
Employee defined benefit assets *(Note 23)*	**7,440**	4,875	5,736	**67,203**
Deferred tax assets *(Note 18)*	**3,005**	3,204	3,347	**27,143**
Other non-current assets *(Note 12)*	**209**	240	250	**1,888**
Total non-current assets	**¥246,162**	¥238,983	¥233,389	**$2,223,485**
Total assets	**¥438,508**	¥398,698	¥390,245	**$3,960,871**

KIKKOMAN CORPORATION and Consolidated Subsidiaries

Consolidated Statement of Financial Position (continued)

	March 31, 2021	March 31, 2020	April 1, 2019	March 31, 2021
		(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Liabilities				
Current liabilities:				
Trade and other payables *(Notes 19 and 34)*	**¥50,600**	¥47,005	¥45,289	**$457,050**
Short-term borrowings and current portion of long-term borrowings *(Notes 20 and 34)*	**3,950**	5,311	3,487	**35,679**
Short-term lease liabilities *(Note 15 and 34)*	**4,967**	4,621	4,458	**44,865**
Income tax payable	**4,210**	3,271	3,206	**38,027**
Other financial liabilities *(Notes 21and 34)*	**445**	897	455	**4,020**
Other current liabilities *(Note 22)*	**8,522**	7,009	7,720	**76,976**
Total current liabilities	**¥72,696**	¥68,117	¥64,617	**$656,634**
Non-current liabilities:				
Long-term borrowings *(Notes 20 and 34)*	**13,400**	13,602	13,602	**121,037**
Long-term lease liabilities *(Notes 15 and 34)*	**19,346**	19,149	20,877	**174,745**
Deferred tax liabilities *(Note 18)*	**8,529**	6,511	8,020	**77,039**
Employee defined benefit liabilities *(Note 23)*	**5,047**	8,380	6,778	**45,588**
Other financial liabilities *(Notes 21 and 34)*	**4,067**	4,149	5,762	**36,736**
Other non-current liabilities *(Note 22)*	**1,906**	1,244	1,290	**17,216**
Total non-current liabilities	**¥52,297**	¥53,037	¥56,332	**$472,378**
Total liabilities	**¥124,993**	¥121,155	¥120,950	**$1,129,013**
Equity				
Equity:				
Share capital *(Note 24)*	**11,599**	11,599	11,599	**104,769**
Capital surplus *(Note 24)*	**13,695**	13,695	13,695	**123,702**
Retained earnings *(Note 24)*	**267,073**	240,646	223,602	**2,412,366**
Treasury stock *(Note 24)*	**(3,658)**	(3,641)	(3,631)	**(33,041)**
Other components of equity *(Note 24)*	**19,420**	9,958	19,042	**175,413**
Total equity attributable to owners of the parent	**308,130**	272,258	264,308	**2,783,217**
Non-controlling interests	**5,384**	5,285	4,986	**48,632**
Total equity	**¥313,514**	¥277,543	¥269,295	**$2,831,849**
Total liabilities and equity	**¥438,508**	¥398,698	¥390,245	**$3,960,871**

See accompanying notes to consolidated financial statements.

KIKKOMAN CORPORATION and Consolidated Subsidiaries

Consolidated Statement of Profit or Loss

	Years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)* *(Note 3)*
Revenue *(Notes 6 and 26)*	**¥439,411**	¥439,627	**$3,969,027**
Cost of sales *(Notes 13, 14 and 23)*	**285,178**	287,398	**2,575,901**
Gross profit	**154,233**	152,228	**1,393,126**
Selling, general and administrative expenses *(Notes 13, 14, 23 and 27)*	**111,583**	114,187	**1,007,885**
Business profit	**42,650**	38,041	**385,241**
Other income *(Note 28)*	**5,223**	2,042	**47,177**
Other expenses *(Note 13, 14 and 29)*	**6,201**	5,179	**56,011**
Operating profit	**41,672**	34,903	**376,407**
Finance income *(Note 30)*	**4,272**	4,037	**38,587**
Finance costs *(Note 30)*	**2,956**	1,336	**26,700**
Share of profit of associates accounted for using the equity method *(Note 17)*	**206**	209	**1,861**
Profit before income taxes	**43,194**	37,814	**390,154**
Income taxes *(Note 18)*:	**11,572**	10,575	**104,525**
Profit for the year	**31,621**	27,238	**285,620**
Profit for the year attributable to:			
Owners of the parent	**31,159**	26,827	**281,447**
Non-controlling interests	**462**	411	**4,173**
Profit for the year	**31,621**	27,238	**285,620**
Earnings per share (yen) *(Note 32)*	**¥162.31**	¥139.74	**$1.47**

See accompanying notes to consolidated financial statements.

KIKKOMAN CORPORATION and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income

	Years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)* *(Note 3)*
Profit for the year	**¥31,621**	¥27,238	**$285,620**
Other comprehensive income (loss):			
Items that will not be reclassified to profit or loss			
Net change in fair value of financial assets measured at FVOCI, net of taxes *(Note 31)*	**2,002**	(3,663)	**18,083**
Remeasurements of defined benefit plans *(Note 31)*	**2,687**	(1,419)	**24,271**
Share of other comprehensive income (loss) of associates accounted for using the equity method *(Note 17 and 31)*	**322**	(245)	**2,908**
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments *(Note 31)*	**7,724**	(5,443)	**69,768**
Cash flow hedges *(Note 31and 34)*	**(12)**	(1)	**(108)**
Other comprehensive income for the period, net of tax	**¥12,724**	¥ (10,773)	**$114,931**
Total comprehensive income for the period	**¥44,346**	¥16,465	**$400,560**
Total comprehensive income for the period attributable to:			
Owners of the parent	**¥43,919**	¥16,018	**$396,703**
Non-controlling interests	**¥426**	¥446	**$3,848**

See accompanying notes to consolidated financial statements.

KIKKOMAN CORPORATION and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity

Year ended March 31, 2021 *(Millions of yen)*

	Equity attributable to owners of the parent					
					Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translation of foreign operations	Cash flow hedges
Balance at beginning of the period	**¥11,599**	**¥13,695**	**¥240,646**	**¥(3,641)**	**¥(5,453)**	**¥0**
Profit for the year			**31,159**			
Other comprehensive income (loss)					**7,761**	**(12)**
Total comprehensive income (loss)	—	—	**31,159**	—	**7,761**	**(12)**
Purchase of treasury stock				**(17)**		
Disposal of treasury stock		**0**		**0**		
Dividends *(Note 25)*			**(8,065)**			
Transfer from other components of equity to retained earnings			**3,333**			
Transfer to non-financial assets						**35**
(Increase) decrease in treasury stock due to change in ownership interests in associates accounted for using the equity method				**0**		
Other increase (decrease)						
Total transactions with owners of the parent	—	**0**	**(4,732)**	**(17)**	—	**35**
Balance at end of the period	**¥11,599**	**¥13,695**	**¥267,073**	**¥(3,658)**	**¥2,308**	**¥23**

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Net change in fair value of financial assets measured at FVOCI	Remeasurements of defined benefit plans	Total			
Balance at beginning of the period	**¥15,411**	**¥—**	**¥9,958**	**¥272,258**	**¥5,285**	**¥277,543**
Profit for the year				**31,159**	**462**	**31,621**
Other comprehensive income (loss)	**2,235**	**2,774**	**12,759**	**12,759**	**(35)**	**12,724**
Total comprehensive income (loss)	**2,235**	**2,774**	**12,759**	**43,919**	**426**	**44,346**
Purchase of treasury stock				**(17)**		**(17)**
Disposal of treasury stock				**0**		**0**
Dividends *(Note 25)*				**(8,065)**	**(435)**	**(8,500)**
Transfer from other components of equity to retained earnings	**(558)**	**(2,774)**	**(3,333)**	**—**		**—**
Transfer to non-financial assets			**35**	**35**		**35**
(Increase) decrease in treasury stock due to change in ownership interests in associates accounted for using the equity method				**0**		**0**
Other increase (decrease)				—	**107**	**107**
Total transactions with owners of the parent	**(558)**	**(2,774)**	**(3,297)**	**(8,046)**	**(327)**	**(8,374)**
Balance at end of the period	**¥17,088**	**¥—**	**¥19,420**	**¥308,130**	**¥5,384**	**¥313,514**

KIKKOMAN CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Changes in Equity (continued)

Year ended March 31, 2021 *(Thousands of U.S. dollars) (Note 3)*

	Equity attributable to owners of the parent					
					Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translation of foreign operations	Cash flow hedges
Balance at beginning of the period	**$104,769**	**$123,702**	**$2,173,661**	**$(32,888)**	**$(49,255)**	**$0**
Profit for the year			**281,447**			
Other comprehensive income (loss)					**70,102**	**(108)**
Total comprehensive income (loss)	—	—	**281,447**	—	**70,102**	**(108)**
Purchase of treasury stock				**(154)**		
Disposal of treasury stock		**0**		**0**		
Dividends *(Note 25)*			**(72,848)**			
Transfer from other components of equity to retained earnings			**30,106**			
Transfer to non-financial assets						**316**
(Increase) decrease in treasury stocks due to change in ownership interests in associates accounted for using the equity method				**0**		
Other increase (decrease)						
Total transactions with owners of the parent	—	**0**	**(42,742)**	**(154)**	—	**316**
Balance at end of the period	**$104,769**	**$123,702**	**$2,412,366**	**$(33,041)**	**$20,847**	**$208**

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Net change in fair value of financial assets measured at FVOCI	Remeasurements of defined benefit plans	Total			
Balance at beginning of the period	**$139,202**	**$—**	**$89,947**	**$2,459,200**	**$47,737**	**$2,506,937**
Profit for the year				**281,447**	**4,173**	**285,620**
Other comprehensive income (loss)	**20,188**	**25,056**	**115,247**	**115,247**	**(316)**	**114,931**
Total comprehensive income (loss)	**20,188**	**25,056**	**115,247**	**396,703**	**3,848**	**400,560**
Purchase of treasury stock				**(154)**		**(154)**
Disposal of treasury stock				**0**		**0**
Dividends (Note 25)				**(72,848)**	**(3,929)**	**(76,777)**
Transfer from other components of equity to retained earnings	**(5,040)**	**(25,056)**	**(30,106)**	**—**		**—**
Transfer to non-financial assets			**316**	**316**		**316**
(Increase) decrease in treasury stock due to change in ownership interests in associates accounted for using the equity method				**0**		**0**
Other increase (decrease)				—	**966**	**966**
Total transactions with owners of the parent	**(5,040)**	**(25,056)**	**(29,781)**	**(72,676)**	**(2,954)**	**(75,639)**
Balance at end of the period	**$154,349**	**$—**	**$175,413**	**$2,783,217**	**$48,632**	**$2,831,849**

KIKKOMAN CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Changes in Equity (continued)

Year ended March 31, 2020 *(Millions of yen)*

	Equity attributable to owners of the parent					
					Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translation of foreign operations	Cash flow hedges
Balance at beginning of the period	¥11,599	¥13,695	¥223,602	¥(3,631)	—	¥(4)
Net profit			26,827			
Other comprehensive income					(5,453)	(1)
Total comprehensive income (loss)	—	—	26,827	—	(5,453)	(1)
Purchase of treasury stock				(8)		
Disposal of treasury stock		0		0		
Dividends *(Note 25)*			(8,065)			
Transfer from other components of equity to retained earnings			(1,718)			
Transfer to non-financial assets						6
Increase (decrease) in treasury stocks due to change in equity interests in associates accounted for using the equity method				(1)		
Other increase (decrease)						
Total transactions with owners of the parent	—	0	(9,783)	(9)	—	6
Balance at end of the period	¥11,599	¥13,695	¥240,646	¥(3,641)	¥(5,453)	¥0

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Net change in fair value of financial assets measured at FVOCI	Remeasurements of defined benefit plans	Total			
Balance at beginning of the period	¥19,046	¥—	¥19,042	¥264,308	¥4,986	¥269,295
Net profit				26,827	411	27,238
Other comprehensive income	(3,852)	(1,500)	(10,809)	(10,809)	35	(10,773)
Total comprehensive income (loss)	(3,852)	(1,500)	(10,809)	16,018	446	16,465
Purchase of treasury stock				(8)		(8)
Disposal of treasury stock				0		0
Dividends (Note 25)				(8,065)	(134)	(8,199)
Transfer from other components of equity to retained earnings	217	1,500	1,718	—		—
Transfer to non-financial assets			6	6		6
Increase (decrease) in treasury stocks due to change in equity interests in associates accounted for using the equity method				(1)		(1)
Other increase (decrease)				—	(14)	(14)
Total transactions with owners of the parent	217	1,500	1,724	(8,068)	(148)	(8,217)
Balance at end of the period	¥15,411	¥—	¥9,958	¥272,258	¥5,285	¥277,543

See accompanying notes to consolidated financial statements.

KIKKOMAN CORPORATION and Consolidated Subsidiaries

Consolidated Statement of Cash Flows

	Years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Cash flows from operating activities			
Profit before income taxes	**¥43,194**	¥37,814	**$390,154**
Depreciation and amortization	**19,235**	18,259	**173,742**
Impairment losses	**1,185**	303	**10,704**
Interest and dividend income	**(1,116)**	(1,236)	**(10,080)**
Interest paid	**919**	724	**8,301**
Share of (profit) loss of associates accounted for using the equity method	**(206)**	(209)	**(1,861)**
Increase (decrease) in net defined benefit assets and liabilities	**(1,690)**	597	**(15,265)**
(Gain) loss on sales and disposal of property, plant and equipment	**975**	1,181	**8,807**
(Increase) decrease in trade and other receivables	**1,355**	(1,642)	**12,239**
(Increase) decrease in inventories	**533**	(3,347)	**4,814**
Increase (decrease) in trade and other payables	**1,710**	3,380	**15,446**
Other	**1,070**	(4,338)	**9,665**
Net cash generated from operating activities	**67,167**	51,486	**606,693**
Interest received	**1,028**	981	**9,286**
Dividends received	**149**	268	**1,346**
Interest paid	**(932)**	(713)	**(8,418)**
Income taxes paid	**(10,245)**	(10,064)	**(92,539)**
Net cash provided by operating activities	**¥57,167**	¥41,958	**$516,367**
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(15,718)**	(24,873)	**(141,975)**
Proceeds from sale of property, plant and equipment	**269**	124	**2,430**
Acquisition of intangible assets	**(1,353)**	(1,159)	**(12,221)**
Proceeds from sale of intangible assets	**28**	1	**253**
Acquisition of financial instruments	**(1,949)**	(3,429)	**(17,605)**
Proceeds from sale of financial instruments	**1,142**	374	**10,315**
Addition to loans receivable	**(373)**	(1,529)	**(3,369)**
Collection of loans receivable	**425**	1,031	**3,839**
Other	**642**	683	**5,799**
Net cash provided by (used in) investing activities	**¥(16,886)**	¥(28,777)	**$(152,525)**
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	**(1,581)**	1,949	**(14,281)**
Payment of principal portion of lease liabilities	**(5,444)**	(5,051)	**(49,174)**
Purchase of treasury stock	**(33)**	(16)	**(298)**
Disposal of treasury stock	**0**	0	**0**
Dividends paid	**(8,065)**	(8,065)	**(72,848)**
Dividends paid to non-controlling interests	**(295)**	(215)	**(2,665)**
Net cash used in financing activities	**¥(15,420)**	¥(11,400)	**$(139,283)**
Effect of exchange rate changes on cash and cash equivalents	**2,714**	(930)	**24,514**
Net increase (decrease) in cash and cash equivalents	**27,574**	849	**249,065**
Cash and cash equivalents at beginning of the year	**28,103**	27,253	**253,843**
Cash and cash equivalents at end of the year *(Note 4)*	**¥55,678**	¥28,103	**$502,918**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended March 31, 2021 and 2020

1. Reporting Entity

KIKKOMAN CORPORATION (the "Company") is a corporation located in Japan. The Company's registered head office is located in Minato-ku, Tokyo. The Company's reporting date is March 31, 2021 and the consolidated financial statements of the Company comprise the consolidated statements of financial position, profit or loss, comprehensive income, changes in equity and cash flows of the Company and its subsidiaries (hereinafter referred to as the "Group"). See Note 6. Segment Information, for details of the business and major activities of the Group.

2. Basis of Preparation

(a) Compliance with International Financial Reporting Standards ("IFRS")

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board, permitted by the provision of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976) as all requirements of "Specified Company applying Designated IFRS" set forth in Article 1-2 of said Ordinance have been fulfilled.

The Group has adopted IFRS since the year ended March 31, 2021, and the date of transition to IFRS ("transition date") is April 1, 2019. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in Note 40. First-time Adoption.

Except for IFRS standards that have not been early adopted and the exemptions permitted under the clauses of IFRS 1 "First-time Adoption of International Financial Reporting Standards" ("IFRS 1"), the Group's accounting policies are in accordance with IFRS effective as of March 31, 2021.
The exemptions applied are described in Note 40. First-time Adoption.

(b) Authorization of the consolidated financial statements

The consolidated financial statements for the year ended March 31, 2021 were authorized for issue by the Board of Directors on June 22, 2021.

(c) Basis of measurement

Except for certain financial instruments that are measured at fair value, as described in Note 3. Significant Accounting Policies, the Group's consolidated financial statements have been prepared on a historical cost basis.

(d) Functional currency and presentation currency

The Group's consolidated financial statements are presented in Japanese yen, which is the functional currency of the Company. The unit is in millions of yen, and figures less than one million yen are rounded to the nearest million yen.

3. Significant Accounting Policies

(a) Basis of consolidation

(1) Subsidiaries

Subsidiaries are entities that are controlled by the Group. The Group controls an entity if and only if the Group has exposure, or rights, to variable returns from its involvement with the entity and power over the entity to affect the amount of the Group's returns.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when control is obtained by the Group until the date when it is lost.

When the accounting policies applied by a subsidiary are different from those applied by the Group, adjustments are made to the subsidiary's financial statements. All intra-group balances, transactions, and unrealized gains or losses arising from intra-group transactions are eliminated upon consolidation.

Subsidiaries' comprehensive income is attributed to owners of the parent and the non-controlling interests, even though this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. Any difference between the change in non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent.

When the Group loses control over subsidiaries, gain or loss resulting from the loss of control is recognized in profit or loss in the consolidated statements of profit or loss.

(2) Associates

Associates are those entities over which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Even though the Group holds less than 20 percent of the voting power of the entity, it is presumed that the Group has significant influence over the entity if the Group can exercise significant influence over the policy-making processes of the entity.

The investment in an associate is accounted for under the equity method. Under the equity method, on initial recognition the investment in an associate is recognized at cost, and the changes in the Group's interest in the net assets of the equity method investees are included and recognized in the consolidated financial statements. The Group's investments include goodwill (net of accumulated impairment losses) recognized at the time of acquisition.

When the accounting policies applied by an associate are different from those applied by the Group, adjustments are made to the associate’s financial statements.

(b) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration for acquisition is measured as the aggregate of the acquisition-date fair value of the assets transferred, the liabilities assumed and equity instruments issued by the Group in exchange for control of an acquiree. Any excess of the sum of the consideration of acquisition, the amount of non-controlling interest in the acquiree and the acquisition-date fair values of previously held interests in the acquiree over the fair value of identifiable assets and liabilities is recognized as goodwill in the consolidated statement of financial position. Conversely, if the consideration of acquisition is lower than the fair value of the identifiable assets and liabilities, the difference is immediately recognized in profit or loss. The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in its financial statements provisional amounts for the items for which the accounting is incomplete and retrospectively adjust the provisional amounts recognized at the acquisition date during the measurement period, which is one year from the acquisition date. In addition, the additional acquisition of non-controlling interests is accounted for as an equity transaction and no goodwill is recognized with respect to such transactions.

Identifiable assets and liabilities of the acquiree are measured at fair value at the date of acquisition except for the following:

- Deferred tax assets and liabilities and assets and liabilities associated with employee benefit contracts,
- Share-based compensation contracts of the acquiree and
- Acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date in accordance with IFRS 5 “Non-current Assets Held for Sale” and Discontinued Operations.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss.

The Group has applied the exemption of IFRS 1 “First-time Adoption of International Financial Reporting Standards” and elected not to apply IFRS 3 “Business Combinations” retrospectively to past business combinations (business combinations that occurred before the date of transition to IFRS). Accordingly, goodwill arising from acquisitions prior to the transition date has been recognized at its carrying amount in accordance with the previous accounting standard (Japanese GAAP) as of the transition date.

(c) Foreign Currency Translation

(1) Functional and presentation currency

Each entity within the Group has its own functional currency, in which transactions are measured. These consolidated financial statements are presented in Japanese yen, which is the Company’s functional currency.

The translation of Japanese yen amounts into U.S. dollar amounts is included these consolidated financial statements solely for the convenience of readers outside of Japan at the rate of ¥110.71 to U.S.$1.00, the exchange rate prevailing on March 31, 2021. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at this and any other rate. U.S. dollar amounts are presented in thousands of U.S. dollars. Accordingly, there may be rounding differences.

(2) Translation of foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the transaction date or at rates that approximate such rates.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the end of the reporting period. Translation differences arising from such translation and settlement are recognized in profit or loss. However, translation differences arising from financial assets measured through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

(3) Translation of foreign operations

The assets and liabilities of foreign operations of the Group are translated into Japanese yen at the rates of exchange prevailing at the end of reporting period, while income and expenses of foreign operations are translated into Japanese yen at the average rate for the reporting period, unless there are material fluctuations in exchange rates. The translation differences arising from translating financial statements of foreign operations are recognized in other comprehensive income. When foreign operations are disposed of, the cumulative amount of translation differences related to the foreign operations is recognized in profit or loss during the period when the Group loses control.

The Group has applied the exemption of IFRS 1, and the cumulative translation differences of foreign operations that existed at the date of transition to IFRS are deemed to be zero and any resulting changes are transferred to retained earnings.

(d) Financial Instruments

(1) Financial assets

(i) Initial recognition and measurement

The Group classifies financial assets as financial assets measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI) or financial assets measured at amortized cost and determines their classifications upon initial recognition.

All financial assets are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets measured at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Financial assets measured at FVOCI and financial assets measured at amortized cost are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition of those financial assets.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

All financial assets not classified as measured at amortized cost are measured at fair value.

The Group designates each individual equity instrument as either measured at FVTPL or at FVOCI, except for equity instruments held for trading, which must be measured at fair value through profit or loss, and such a designation is continuously applied.

(ii) Subsequent measurement

Financial assets are measured according to their classification as follows:

Financial assets measured at amortized cost

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

Financial assets measured at fair value

The changes in the fair value of the financial assets that are designated as measured at fair value are recognized in profit or loss. However, for equity instruments that are designated as measured at FVOCI, changes in fair value are recognized in other comprehensive income. When such financial assets are derecognized or their fair value declines significantly, previously recognized other comprehensive income is reclassified to retained earnings. Dividends received from such equity instruments are recognized in profit or loss.

(iii) Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

(2) Impairment of financial assets

For impairment of financial assets measured at amortized cost, a loss allowance is recognized for the expected credit losses on the financial assets. Expected credit losses are the present value of the difference between the contractual cash flows that the Group is entitled to receive under the contract and the cash flows that the Group expects to receive. The Group calculates expected credit losses based on past credit loss experience and recoverable amount in the future.

At each reporting date, the Group assesses whether credit risk on the financial instruments has increased significantly since the initial recognition, and, if the credit risk of the financial instruments has not increased significantly since the initial recognition, the loss allowance for the financial instruments is measured and recognized at an amount equal to 12-month expected credit losses. Conversely, if the credit risk on the financial instruments has increased significantly since the initial recognition, the loss allowance for the financial instruments is measured and recognized at an amount equal to lifetime expected credit losses.

On the other hand, a loss allowance for trade receivables, contract assets and lease receivables is always measured and recognized at an amount equal to lifetime expected credit losses.

For financial assets for which an impairment loss has been recognized in the past, the Group recognizes the amount of reversal that is required to adjust the amount of previously recognized impairment loss in profit or loss, if the amount of impairment loss decreases due to an event occurring after the initial recognition of the impairment loss.

The Group determines whether there has been a significant increase in credit risk based on changes in the risk of default and considers such factors as past due information and deterioration in the counterparty's financial condition and credit rating (internal or external) in making the determination.

When it is determined that collection from all or part of a financial asset is extremely difficult, the Group considers the asset to be a default and classifies it as a credit-impaired financial asset. The Group directly reduces the gross carrying amount of a financial asset when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(3) Financial liabilities

(i) Initial recognition and measurement

A financial liability is recognized when the Group becomes party to the contractual provisions of the instrument. The Group classifies financial liabilities either as measured at amortized cost or FVTPL. Financial liabilities measured at FVTPL are initially measured at fair value, and financial liabilities measured at amortized cost are initially measured at fair value minus transaction costs that are directly attributable to the acquisition or issue.

(ii) Subsequent measurement

Financial liabilities measured at fair value

Financial liabilities measured at fair value are subsequently measured at fair value and net gains and losses are recognized in profit or loss.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are subsequently measured using the effective interest method.

(iii) Derecognition

The Group derecognizes a financial liability when it is extinguished, i.e., when the obligation specified in the contract is discharged or canceled or expires.

(4) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(5) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments such as foreign exchange forward contracts to hedge its currency risk. Derivatives are initially measured at fair value and subsequently remeasured at fair value at each reporting date.

The Group recognizes changes in the fair value of derivatives in profit or loss. For a derivative designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the hedged item, the nature of the risk being hedged and the method for determining whether the hedging relationship meets the requirements for hedge effectiveness. In addition, the Group assesses whether the derivative instruments used in the hedging transactions are effective in offsetting the cash flows of the hedged items at the inception of the hedging relationship and on an ongoing basis.

A hedging relationship is considered effective if it meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item actually hedged and the quantity of the hedging instrument actually used to hedge that quantity of hedged item

In accordance with the Group's risk management policy, derivative instruments that meet the criteria for hedge accounting with respect to foreign exchange risk are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recognized in other comprehensive income in the consolidated statement of comprehensive income. The gain or loss on the ineffective portion is recognized immediately in profit or loss in the consolidated statement of profit or loss.

The cumulative gain or loss recognized through other comprehensive income are reclassified into profit or loss in the period when the cash flows from the hedged item affect profit or loss. However, if a hedged forecast transaction subsequently results in the recognition of a non-financial asset, the gain or loss previously recognized in other comprehensive income is transferred and included in the measurement of the initial cost of the asset.

The Group discontinues hedge accounting prospectively when the hedging instrument expires or is sold. When the hedged future cash flows are still expected to occur, the cumulative amount of gain or loss recognized in other comprehensive income is continued to be recognized in accumulated other comprehensive income. When the hedged forecast transaction are not expected to occur, the amount that has been accumulated in other comprehensive income is immediately reclassified to profit or loss.

(e) Cash and cash equivalent

Cash and cash equivalents consist of cash on hand, cash that can be withdrawn at any time, and short-term investments that have a maturity of 3 months or less from the date of acquisition, are readily convertible to cash and bear little risk of price volatilities.

(f) Inventories

Inventories are recognized at the lower of cost or net realizable value. Cost is determined principally by using the weighted average cost method. The cost of goods, products and work in progress consists of the cost of raw materials, direct labor, other direct costs and related manufacturing overhead (which is based on normal production capacity). The net realizable value is the expected selling price in the normal course of business less related estimated selling expenses.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The 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.

Subsequent expenditures are recognized in the carrying amount of the item of property, plant and equipment or recognized as individual assets, as appropriate, when it is probable that the future economic benefits associated with the expenditures will flow to the Group and the cost is reasonably estimated. The carrying amount of the replaced part is derecognized. Other repair and maintenance costs are recognized in profit or loss in the period when they are incurred

Land and construction in progress are not depreciated. Depreciation of other assets is calculated by allocating the cost of each asset on a straight-line basis over its respective estimated useful life. The estimated useful lives of major assets are as follows:

- Buildings and structures: 2 to 50 years
- Machinery, equipment and vehicles: 2 to 20 years
- Tools, furniture and fixtures: 2 to 20 years

The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each year, and any changes are applied prospectively as changes in accounting estimates.

(h) Goodwill and intangible assets

(1) Goodwill

See (b) Business Combinations for the measurement of goodwill at initial recognition.

Goodwill is not amortized but is tested for impairment annually, and its carrying amount is determined by deducting the accumulated impairment loss from the cost. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination.

(2) Intangible assets

An intangible asset is measured under the cost model and presented at its cost less any accumulated amortization and impairment losses.

A separately acquired intangible asset is recognized at cost. An intangible asset acquired in a business combination is measured at fair value as of the acquisition date. An intangible asset is amortized on a straight-line basis over its respective estimated useful life after initial recognition and is presented at cost less accumulated amortization and accumulated impairment losses.

The estimated useful life of a major class of intangible assets is stated below:

- Software: 3 to 10 years

In addition, the estimated useful lives and amortization methods of intangible assets are reviewed at the end of each year, and if there are any changes made to such estimations, such changes are applied prospectively as changes in estimate.

(i) Leases

(1) As a lessee

At the commencement date of a lease contract, the Group assesses whether a contract is, or contains, a lease based on the substance of the arrangement. When the performance of a contract depends on the use of an identified asset or group of assets, and the contract transfers the right to control the use of the identified asset in exchange for consideration over a specified period of time, the Group determines that the contract is a lease or contains a lease even though it is not explicitly identified in the contract.

If a contract is determined to be a lease or to contain a lease, the Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured and recognized at the present value of the lease payments that are not paid at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, as required under the lease contract.

The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. However, for short-term leases, which have a term of 12 months or less, and leases of low-value assets, the lease payments are recognized as expenses in profit or loss over the lease term on a straight-line basis.

Lease payments are separated into finance costs and repayments of lease liabilities based on the effective interest rate method, and finance costs are recognized in the consolidated statement of profit or loss.

(2) As a lessor

The Group acts as a lessor to lease certain items of property, plant and equipment. Leases in which the Group does not transfer substantially all of the risks and economic benefits associated with ownership of the underlying assets are classified as operating leases. Under operating leases, the underlying assets are recognized in the consolidated statements of financial position and lease payments received are recognized as revenue in the consolidated statement of profit or loss on a straight-line basis over the lease term.

(j) Investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both. Investment properties are accounted for using the cost model in the same manner as property, plant and equipment are accounted for and presented at cost less accumulated depreciation and cumulative impairment losses.

Investment properties related to land are not depreciated. Depreciation of investment real estate other than land is calculated using the straight-line method over the respective estimated useful lives of the assets (2 to 50 years).

The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each year, and any changes are applied prospectively as changes in accounting estimates.

(k) Impairment of non-financial assets

Intangible assets other than goodwill and those with indefinite useful lives are tested for impairment at the end of each reporting period, irrespective of whether there is any indication of impairment. Other non-financial assets are assessed for any indication of impairment at the end of each reporting period. The Group reviews the carrying amounts of its non-financial assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For assessing impairment, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (cash-generating units or CGUs), if it is difficult to estimate the recoverable amount individually, and goodwill is allocated to CGUs that are expected to benefit from the synergies of the combination, and an impairment loss is recognized in profit or loss for the amount by which the carrying amount of the goodwill exceeds the recoverable amount. The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal its value in use. Value in use is calculated based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

(l) Employee benefits

(1) Post-employment benefits

The Group provides various pension plans. The Group has adopted a defined benefit plan and some consolidated subsidiaries have established a retirement benefit trust. In addition to the plan, some consolidated subsidiaries have adopted defined contribution pension plans.

A defined benefit pension plan is the post-employment benefit plan other than a defined contribution pension plan. A defined contribution plan is a post-employment benefit plan in which the employer contributes a certain amount of fund to another independent entity and has no legal or constructive obligation to pay more than the amount of the contribution.

For the defined benefit pension plan, the present value of defined benefit obligations and related current and past service costs are calculated for each plan using the projected unit credit method.

The discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds of which the maturity profile corresponds to the period until the expected date of the benefit payments in the future. The net defined benefit liability (asset) is recognized as the difference between the present value of the defined benefit obligation and the fair value of plan assets.

Contributions to pension plans are determined by periodic actuarial valuations and are usually paid into a fund administered by an insurance company or trust company.

The Group recognizes the remeasurement of the net defined benefit liability (asset) arising from defined benefit plans in other comprehensive income and immediately transfers it to retained earnings. Prior service cost is recognized as an expense in the period in which it is incurred.

Contributions to the defined benefit plans are recognized as expenses in the period in which the employee provides service.

(2) Short-term employee benefits

Short-term employee benefits are not discounted and are recognized as expenses when the relevant services are provided. Bonuses and paid annual leave are recognized as liabilities in the amount estimated to be paid under the plans when the Company has a present legal or constructive obligation to pay as a result of services previously rendered by employees and the amount can be estimated reliably.

(m) Equity

(1) Share capital and capital surplus

Common stocks are classified as equity and recognized at respective issue prices in share capital and capital surplus. Incremental costs directly attributable to the issue of common stocks are recognized as a deduction from equity

(2) Treasury stocks

Treasury stocks are measured at cost and deducted from equity. The Company does not recognize any gain or loss on the purchase, sale or extinguishment of treasury stocks. Furthermore, the difference between the carrying amount and the consideration at the time of sale is recognized as equity.

(n) Revenue

The Group recognizes revenue in the amount of consideration to which the Group expects to be entitled in exchange for the transfer of goods and services to customers in accordance with the following five-step approach, except for rental income under IFRS 16 "Leases":

Step 1: Identify a contract with a customer
Step 2: Identify performance obligations in a contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to performance obligations in a contract
Step 5: Recognize revenue when the entity satisfies its performance obligations

The Group sells food products, beverages, alcoholic beverages and other products. For sales of such products, the Group recognizes revenue at the time of delivery when control over the product is transferred to the customer and the Group's performance obligation is satisfied. Revenue is measured based on the consideration specified in a contract with a customer, less rebates and discounts.

(o) Finance income and finance costs

The Group’s finance income includes interest income, dividend income and the net gain or loss on financial assets at FVTPL. Interest income is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

The Group’s finance costs include interest expense and the net gain or loss on financial assets at FVTPL. Interest expense is recognized using the effective interest method.

(p) Income taxes

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is measured at the amount that is expected to be paid to or refunded from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized with respect to temporary differences in the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, carryforward of unused tax losses and unused tax credits.

However, deferred tax assets and liabilities are not recognized for the following temporary differences:

- taxable temporary differences arising on the initial recognition of goodwill;

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- taxable temporary differences related to investments in subsidiaries and associates to the extent that it is probable that the temporary difference will not reverse in the foreseeable future or taxable profit will not be available against which the temporary difference can be utilized.

- taxable temporary differences related to investments in subsidiaries and associates to the extent that the timing of the reversal of the temporary differences is controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax is measured using the statutory tax rates (and the tax law) that have been enacted or substantively enacted by the end of the reporting period and are expected to be applied in the period in which relevant deferred tax assets are realized or deferred tax liabilities are settled.

Current tax assets and current tax liabilities are offset if, and only if, the Group has a legally enforceable right to set off the recognized amounts and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

(q) Earnings per Share

Basic earnings per share are calculated by dividing net profit attributable to common shareholders of the parent by the weighted-average number of common stock outstanding during the period. Diluted earnings per share are calculated by adjusting the effects of all potential dilutive common stock.

4. Significant Accounting Judgments and Estimates

The preparation of the Group’s consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of the accounting policies, the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively in the accounting period in which the estimates are revised and in accounting periods thereafter.

(a) Application of accounting policies that have the most significant effects on the amounts recognized in the financial statements

Information about significant accounting judgements is included in the following notes:

- Scope of subsidiaries and associates (Note 3. (a) Basis of consolidation)
- Recognition and presentation of revenue (Note 3. (n) Revenue and Note 26. Revenue)

(b) Uncertainty about assumptions and estimates that could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities in the next financial year

- Impairment of goodwill

The Group performs impairment tests on goodwill based on the assumptions about future cash flows, pre-tax discount rates and growth rates. These assumptions are determined based on the best estimates and judgments of management. However, in the event of significant changes in uncertain economic conditions in the future, such as significant changes in the circumstances of the spread of the COVID-19 pandemic, the impairment of goodwill may affect the consolidated financial statements for the year ending March 31, 2022.

The impairment test for goodwill for the year ended March 31, 2021 is as described in Note 14. Goodwill and intangible assets.

(c) Impact of the COVID-19 pandemic

Due to the impact of the COVID-19 pandemic, the Group recognized an impairment loss on property, plant and equipment in the domestic wine manufacturing and sales business during the year ended March 31, 2021, but the impact on the Group's business activities and performance was limited.

While it is difficult to accurately predict how the COVID-19 pandemic will spread and when it will be contained, there is no significant impact on the Group's accounting estimates and judgments made in making those estimates at this point in time, though the impairment of goodwill may have an impact on the consolidated financial statements for the year ending March 31, 2022 as described in (b).

5. New Accounting Standards Not Yet Adopted by the Group

Of the accounting standards or interpretations newly established or amended on and before the date of approval of the consolidated financial statements of the Group, there are no standards or interpretations that have not been early adopted by the Group but would have a material impact on the consolidated financial statements of the Group if they were early adopted.

6. Segment Information

(a) Overview of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available. The Group's Board of Directors uses these operating segments periodically to make decisions on the allocation of management resources and to evaluate business performance. The Group does not aggregate the operation segments in determining the reportable segments.

The Company, as a holding company, mainly formulates Group strategies and manages operating companies. Under this structure, Japanese companies are categorized into companies that primarily engage in the manufacturing and sale of foods and others. Overseas business is operated by the holding company's overseas business divisions, and the operating companies are categorized into companies that engage in foods manufacturing and sales and companies that engage in wholesale of oriental food products.

Accordingly, the Group consists of four reportable segments that are a matrix of domestic and overseas regions and types of business: "Domestic Foods—Manufacturing and Sales," "Domestic Others," "Overseas Foods—Manufacturing and Sales" and "Overseas Foods—Wholesale.

The Domestic Foods—Manufacturing and Sales segment engages in the manufacturing and sale of soy sauce, food products, beverages, liquor and wine in Japan. The Domestic Others segment engages in the manufacturing and sale of pharmaceuticals and chemical products and in real estate rentals, logistics, back-office functions and other businesses in Japan. The Overseas Foods—Manufacturing and Sales segment engages in the manufacturing, sale and exporting of soy sauce, Del Monte products and health foods and in the export and sales of products for overseas market. The Overseas Foods—Wholesale segment purchases and sells oriental foods in domestic and overseas markets.

(b) Information about reportable segments

The accounting policies for the reported business segments is as described in "3. Significant accounting policies.

Segment profit (loss) represents the business profit, the amount obtained by deducting cost of sales, selling, general and administrative expenses from revenue. Inter-segment revenue and transfers are determined based on prevailing market prices.

Information about revenue, profit or loss and other items by reportable segment is set out below:

	For the year ended March 31, 2021						
	Domestic Foods—Manufacturing and Sales	**Domestic Others**	**Overseas Foods—Manufacturing and Sales**	**Overseas Foods—Wholesale**	**Total**	**Adjustments**	**Consolidated**
	(Millions of yen)						
Revenue							
External revenue	**¥145,319**	**¥7,541**	**¥88,681**	**¥197,869**	**¥439,411**	**¥—**	**¥439,411**
Inter-segment revenue	**2,802**	**13,644**	**12,151**	**462**	**29,061**	**(29,061)**	**—**
Total	**¥148,122**	**¥21,186**	**¥100,832**	**¥198,332**	**¥468,473**	**¥(29,061)**	**¥439,411**
Segment profit (loss)	**11,631**	**1,915**	**20,416**	**10,556**	**44,519**	**(1,869)**	**42,650**
Other income	—	—	—	—	—	—	**5,223**
Other expenses	—	—	—	—	—	—	**6,201**
Finance income	—	—	—	—	—	—	**4,272**
Finance costs	—	—	—	—	—	—	**2,956**
Share of profit (loss) of associates accounted for using the equity method	—	—	—	—	—	—	**206**
Profit before income taxes	—	—	—	—	—	—	**43,194**
Other items:							
Depreciation and amortization	**7,476**	**1,826**	**4,340**	**4,014**	**17,658**	**1,658**	**19,317**
Impairment losses	**1,185**	—	—	—	**1,185**	—	**1,185**
Capital expenditure	**¥8,670**	**¥1,558**	**¥4,988**	**¥4,651**	**¥19,869**	**¥1,077**	**¥20,946**

(Note)
Adjustments are as follows:
(1) Adjustment of segment income is mainly due to the difference in allocation of corporate expenses.
(2) Adjustments for depreciation and amortization are depreciation and amortization related to corporate assets.
(3) Adjustments to capital expenditures are expenditures related to corporate assets.

	For the year ended March 31, 2021						
	Domestic Foods—Manufacturing and Sales	**Domestic Others**	**Overseas Foods—Manufacturing and Sales**	**Overseas Foods—Wholesale**	**Total**	**Adjustments**	**Consolidated**
	(Thousands of U.S. dollars)						
Revenue							
External revenue	**$1,312,610**	**$68,115**	**$801,021**	**$1,787,273**	**$3,969,027**	**$—**	**$3,969,027**
Inter-segment revenue	**25,309**	**123,241**	**109,755**	**4,173**	**262,497**	**(262,497)**	**—**
Total	**$1,337,928**	**$191,365**	**$910,776**	**$1,791,455**	**$4,231,533**	**$(262,497)**	**$3,969,027**
Segment profit (loss)	**105,058**	**17,297**	**184,410**	**95,348**	**402,123**	**(16,882)**	**385,241**
Other income	—	—	—	—	—	—	**47,177**
Other expenses	—	—	—	—	—	—	**56,011**
Finance income	—	—	—	—	—	—	**38,587**
Finance costs	—	—	—	—	—	—	**26,700**
Share of profit (loss) of associates accounted for using the equity method s	—	—	—	—	—	—	**1,861**
Profit before income taxes	—	—	—	—	—	—	**390,154**
Other items:							
Depreciation and amortization	**67,528**	**16,494**	**39,202**	**36,257**	**159,498**	**14,976**	**174,483**
Impairment losses	**10,704**	—	—	—	**10,704**	—	**10,704**
Capital expenditure	**$78,313**	**$14,073**	**$45,055**	**$42,011**	**$179,469**	**$9,728**	**$189,197**

(Note)
Adjustments are as follows:
(1) Adjustment of segment income is mainly due to the difference in allocation of corporate expenses.
(2) Adjustments for depreciation and amortization are depreciation and amortization related to corporate assets.
(3) Adjustments to capital expenditures are expenditures related to corporate assets.

	For the year ended March 31, 2020						
	Domestic Foods—Manufacturing and Sales	Domestic Others	Overseas Foods—Manufacturing and Sales	Overseas Foods—Wholesale	Total	Adjustments	Consolidated
	(Millions of yen)						
Revenue							
External revenue	¥149,478	¥7,221	¥83,241	¥199,684	¥439,627	¥—	¥439,627
Inter-segment revenue	2,163	14,119	12,081	443	28,808	(28,808)	—
Total	¥151,641	¥21,341	¥95,323	¥200,128	¥468,435	¥(28,808)	¥439,627
Segment profit (loss)	11,252	1,678	18,586	8,320	39,836	(1,795)	38,041
Other income	—	—	—	—	—	—	2,042
Other expenses	—	—	—	—	—	—	5,179
Finance income	—	—	—	—	—	—	4,037
Finance costs	—	—	—	—	—	—	1,336
Share of profit (loss) of associates accounted for using the equity method	—	—	—	—	—	—	209
Profit before income taxes	—	—	—	—	—	—	37,814
Other items:							
Depreciation and amortization	7,253	1,949	4,166	3,507	16,876	1,390	18,266
Impairment losses	—	301	1	—	303	—	303
Capital expenditure	¥10,376	¥1,486	¥7,275	¥6,051	¥25,190	¥3,912	¥29,103

(Note)

- Adjustments are as follows:

(1) Adjustment of segment income is mainly due to the difference in allocation of corporate expenses.
(2) Adjustments for depreciation and amortization are depreciation and amortization related to corporate assets.
(3) Adjustments to capital expenditures are expenditures related to corporate assets.

- Accounting treatment for the reportable segments disclosed in the financial statements for the year ended March 31, 2020 was in accordance with Japanese GAAP but has been in accordance with IFRS in the financial statements for the year ended March 31, 2021. Accordingly, the Group has retrospectively applied IFRS for the accounting treatment of reportable segments for the year ended March 31, 2020.

(c) Geographic information

The geographic information about the Group's revenue and non-current assets is as follows:

Revenue from external customers

	For the years ended March 31,		
	2021	2020	2021
	(Millions of yen)		*(Thousands of U.S. dollars)*
Japan	**¥157,155**	¥159,757	**$1,419,519**
United States	**185,097**	189,881	**1,671,909**
Other	**97,158**	89,987	**877,590**
Total	**¥439,411**	¥439,627	**$3,969,027**

(Note)
Revenue is analyzed based on the customer's country of domicile.

Non-current assets
(excluding financial assets, employee benefit assets and deferred tax assets)

	March 31,		April 1,	March 31,
	2021	2020	2019	2021
	(Millions of yen)			*(Thousands of U.S. dollars)*
Japan	**¥95,036**	¥96,341	¥91,457	**$858,423**
United States	**49,254**	49,104	45,867	**444,892**
Other	**24,611**	21,355	21,524	**222,302**
Total	**¥168,902**	¥166,800	¥158,848	**$1,525,626**

(Note)
Non-current assets are analyzed based on the country of domicile of each company of the Group.

(d) Major customers

The information about major customers is omitted because there are no external customers who account for 10% or more of the revenue in the consolidated statements of profit or loss.

7. Business Combinations

For the year ended December 31, 2021

Not applicable.

For the year ended December 31, 2020

Not applicable.

8. Cash and Cash Equivalents

The breakdown of cash and cash equivalents as of March 31, 2021, 2020 and April 1, 2019 is as follows:

	March 31,		**April 1,**	**March 31,**
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Cash and cash equivalents	**¥55,678**	¥28,103	¥27,253	**$502,918**
Total	**¥55,678**	¥28,103	¥27,253	**$502,918**

Cash and cash equivalents are classified as financial assets measured at amortized cost.

In addition, the balances agree with cash and cash equivalents in the consolidated statement of cash flows.

9. Trade and Other Receivables

The breakdown of trade and other receivables as of March 31, 2021, 2020 and April 1, 2019 is as follows:

	March 31,		**April 1,**	**March 31,**
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Trade and note receivables	**¥61,739**	¥61,145	¥60,624	**$557,664**
Other receivables	**1,496**	1,516	1,677	**13,513**
Loss allowance	**(656)**	(1,053)	(601)	**(5,925)**
Total	**¥62,579**	¥61,608	¥61,700	**$565,252**

Trade and other receivables are presented net of the loss allowance in the consolidated statement of financial position and are categorized as financial assets measured at amortized cost.

10. Inventories

The breakdown of inventories as of March 31, 2021, 2020 and April 1, 2019 is as follows:

	March 31,		**April 1,**	**March 31,**
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Merchandise and finished goods	**¥45,388**	¥43,256	¥42,894	**$409,972**
Work in process	**11,726**	11,798	10,997	**105,916**
Raw materials and supplies	**5,970**	5,901	5,330	**53,925**
Total	**¥63,085**	¥60,956	¥59,222	**$569,822**

The costs of inventories recognized as expenses for the years ended March 31, 2021 and 2020 were ¥283,916 million ($2,564,502 thousand) and ¥286, 313 million, respectively.

In addition, the amounts of write-down of inventories recognized as expenses due to decreased profitability were ¥514 million ($4,643 thousand) and ¥221 million for the years ended March 31, 2021 and 2020, respectively.

Work-in-progress includes work-in-progress of Western-style liquors that will be sold beyond 12 months from the year end, accounting for 2.1%, 1.7% and 1.7 % of the total work-in-progress as of March 31, 2021 and 2020 and April 1, 2019, respectively.

No inventories were pledged as collateral to secure debt.

11. Other Financial Assets

(a) Breakdown of other financial assets

The breakdown of other financial assets as of March 31, 2021, 2020 and April 1, 2019 is as follows:

	March 31,		April 1,	March 31,
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Stocks	**¥53,495**	¥51,259	¥53,334	**$483,199**
Investment in limited liability partnerships	**6,644**	5,399	4,935	**60,013**
Time deposit	**2,975**	2,855	3,561	**26,872**
Loans	**1,893**	2,238	1,776	**17,099**
Derivatives	**2,760**	1,821	1,626	**24,930**
Other	**3,026**	2,788	2,858	**27,333**
Loss allowance	**(1,928)**	(2,208)	(1,757)	**(17,415)**
Total	**¥68,866**	¥64,155	¥66,336	**$622,040**
Current assets	**5,598**	3,096	3,998	**50,565**
Non-current assets	**63,267**	61,059	62,338	**571,466**
Total	**¥68,866**	¥64,155	¥66,336	**$622,040**

Other financial assets are presented net of loss allowance in the consolidated statement of financial position.

Stocks are primarily classified as financial assets measured at FVOCI (except for those classified as debt instruments).

Investments in limited liability partnerships and derivatives (except for those that qualify for hedge accounting) are classified as financial assets at FVTPL.

Time deposits and loans are classified as financial assets measured at amortized cost.

(b) Equity instruments measured at FVOCI

The company names and respective fair values of the equity instruments measured at FVOCI as of March 31, 2021, 2020 and April 1, 2019 were as follows:

Company name	**As of March 31, 2021**	
	(Millions of yen)	*(Thousands of U.S. dollars)*
Meiji Holdings Co., Ltd.	**¥5,339**	**$48,255**
Sakata Seed Corporation	**2,773**	**25,047**
Riken Vitamin Co., Ltd.	**2,711**	**24,487**
Oriental Land Co., Ltd.	**2,660**	**24,027**
The Chiba Bank, Ltd.	**2,623**	**23,693**
Uni-President Enterprises Corporation	**2,557**	**23,096**
Ono Pharmaceutical Co., Ltd.	**2,514**	**22,708**
Nisshin Seifunn Group Inc.	**2,358**	**21,299**
Kamedaseika Co., Ltd.	**1,674**	**15,121**
Mitsubishi UFJ Financial Group, Inc.	**1,670**	**15,084**

(Millions of yen)

Company name	**As of March 31, 2020**
Meiji Holdings Co., Ltd.	¥5,759
Riken Vitamin Co., Ltd.	4,353
Nisshin Seifunn Group Inc.	2,297
Sakata Seed Corporation	2,223
Oriental Land Co., Ltd.	2,211
Ono Pharmaceutical Co., Ltd.	2,162
Uni-President Enterprises Corporation	2,132
Kamedaseika Co., Ltd.	1,718
The Nisshin OilliO Group, Ltd.	1,716
The Chiba Bank, Ltd.	1,711

(Millions of yen)

Company name	**As of April 1, 2019**
Meiji Holdings Co., Ltd.	¥6,741
Riken Vitamin Co., Ltd.	3,486
Nisshin Seifunn Group Inc.	3,238
Sakata Seed Corporation	2,552
Uni-President Enterprises Corporation	2,431
The Chiba Bank, Ltd.	2,174
Oriental Land Co., Ltd.	2,011
Ono Pharmaceutical Co., Ltd.	1,887
Kamedaseika Co., Ltd.	1,845
Mitsubishi UFJ Financial Group, Inc.	1,552

The equity instruments above are primarily held for the purpose of strategic investment and, therefore, designated as financial assets measured at FVOCI.

The Group disposes (derecognizes) equity instruments measured at FVOCI to improve efficiency and effectiveness in asset utilization.

The fair values and cumulative gain or loss recognized in other comprehensive income as component of equity at the time of disposal of equity instruments measured at FVOCI for the years ended March 31, 2021 and 2020 are as follows:

For the years ended March 31,					
2021		**2020**		**2021**	
(Millions of yen)				*(Thousands of U.S. dollars)*	
Fair value	Gain or loss recognized in other comprehensive income as component of equity*(Note)*	Fair value	Gain or loss recognized in other comprehensive income as component of equity *(Note)*	Fair value	Gain or loss recognized in other comprehensive income as component of equity*(Note)*
¥1,142	**¥891**	¥376	¥200	**$10,315**	**$8,048**

(Note)
The amounts were transferred to retained earnings.

The cumulative gain or loss recognized in other comprehensive income as component of equity was transferred to retained earnings even when the fair value significantly decreased, and the amounts were ¥(61)million ($(551) thousand) and ¥(377) million for the years ended March 31, 2021 and 2020.

12. Other Assets

The breakdown of other assets as of March 31, 2021, 2020 and April 1, 2019 is as follows:

	March 31,		April 1,	March 31,
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Prepaid expenses	**¥2,421**	¥2,322	¥2,394	**$21,868**
Advance payments	**1,091**	878	805	**9,855**
Consumption taxes receivable	**1,430**	1,938	974	**12,917**
Other	**669**	1,049	757	**6,043**
Total	**¥5,612**	¥6,190	¥4,931	**$50,691**
Current assets	**5,403**	5,949	4,681	**48,803**
Non-current assets	**209**	240	250	**1,888**
Total	**¥5,612**	¥6,190	¥4,931	**$50,691**

13. Property, Plant and Equipment

(a) Change in carrying amount of property, plant and equipment

The changes in the carrying amount of property, plant and equipment for the years ended March 31, 2021 and 2020 and April 1, 2019 were as follows:

(Millions of yen)

	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
As of April 1, 2019	¥39,538	¥40,145	¥4,376	¥16,664	¥14,080	¥114,806
Acquisition	254	752	227	19	23,491	24,745
Reclassification from construction in progress	16,368	11,536	1,661	40	(29,606)	—
Sale or disposal	(210)	(119)	(49)	(16)	(37)	(434)
Depreciation	(3,127)	(7,791)	(1,509)	—	—	(12,428)
Impairment loss	—	(1)	—	—	—	(1)
Exchange differences on translation of foreign operations	(633)	(443)	(31)	(79)	(176)	(1,364)
Other	(75)	(9)	(5)	3	(45)	(132)
As of March 31, 2020	**¥52,115**	**¥44,069**	**¥4,669**	**¥16,630**	**¥7,705**	**¥125,189**
Acquisition	**153**	**403**	**206**	**2**	**14,151**	**14,917**
Reclassification from construction in progress	**4,048**	**7,843**	**1,354**	**—**	**(13,246)**	**—**
Sale or disposal	**(109)**	**(126)**	**(83)**	**(14)**	**(22)**	**(357)**
Depreciation	**(3,539)**	**(8,136)**	**(1,534)**	**—**	**—**	**(13,211)**
Impairment loss	**(771)**	**(222)**	**(126)**	**(55)**	**(6)**	**(1,182)**
Exchange differences on translation of foreign operations	**826**	**604**	**40**	**77**	**229**	**1,779**
Other	**(93)**	**9**	**(1)**	**—**	**27**	**(57)**
As of March 31, 2021	**¥52,629**	**¥44,445**	**¥4,524**	**¥16,640**	**¥8,838**	**¥127,077**

(Thousands of U.S. dollars)

	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
As of March 31, 2020	**$470,734**	**$398,058**	**$42,173**	**$150,212**	**$69,596**	**$1,130,783**
Acquisition	**1,382**	**3,640**	**1,861**	**18**	**127,820**	**134,739**
Reclassification from construction in progress	**36,564**	**70,843**	**12,230**	**—**	**(119,646)**	**—**
Sale or disposal	**(985)**	**(1,138)**	**(750)**	**(126)**	**(199)**	**(3,225)**
Depreciation	**(31,966)**	**(73,489)**	**(13,856)**	**—**	**—**	**(119,330)**
Impairment loss	**(6,964)**	**(2,005)**	**(1,138)**	**(497)**	**(54)**	**(10,677)**
Exchange differences on translation of foreign operations	**7,461**	**5,456**	**361**	**696**	**2,068**	**16,069**
Other	**(840)**	**81**	**(9)**	**—**	**244**	**(515)**
As of March 31, 2021	**$ 475,377**	**$401,454**	**$40,864**	**$150,303**	**$79,830**	**$1,147,837**

The cost, accumulated depreciation and accumulated impairment losses for property, plant and equipment as of March 31, 2021 and 2020 and April 1, 2019 were as follows:

(Millions of yen)

Cost	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
As of April 1, 2019	¥103,248	¥212,434	¥21,404	¥17,176	¥14,288	¥368,552
As of March 31, 2020	117,111	220,466	21,550	17,140	7,808	384,077
As of March 31, 2021	**¥121,412**	**¥227,939**	**¥22,598**	**¥17,205**	**¥8,843**	**¥397,999**

(Thousands of U.S. dollars)

As of March 31, 2021	**$1,096,667**	**$2,058,884**	**$204,119**	**$155,406**	**$79,875**	**$3,594,969**

Accumulated depreciation and Accumulated impairment losses	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
As of April 1, 2019	¥63,709	¥172,288	¥17,028	¥512	¥207	¥253,746
As of March 31, 2020	64,995	176,397	16,881	510	103	258,888
As of March 31, 2021	**¥68,783**	**¥183,494**	**¥18,073**	**¥564**	**¥5**	**¥270,921**

(Thousands of U.S. dollars)

As of March 31, 2021	**$621,290**	**$1,657,429**	**$163,246**	**$5,094**	**$45**	**$2,447,123**

Depreciation expense is recognized in “Cost of sales” and “Selling, general and administrative expenses.”

(b) Impairment loss

Based on the segments, property, plant and equipment are grouped together into the smallest group of assets that generates cash inflows largely independent of the cash inflows of other assets.

During the year ended March 31, 2021, an impairment loss of ¥1,182 million ($10,677 thousand) was recognized and the amount was included in "Other expenses" in the consolidated statement of profit or loss.

The breakdown of impairment loss by segment is as follows:

(Millions of yen)

Segment	Type of asset	Intended use	Impairment loss
Domestic Foods—Manufacturing and Sales	Buildings, Machinery, and equipment	Business assets	**¥1, 182**
Total			**¥1, 182**

(Thousands of U.S. dollars)

Segment	Type of asset	Intended use	Impairment loss
Domestic Foods—Manufacturing and Sales	Buildings, Machinery, and equipment	Business assets	**$10,677**
Total			**$10,677**

The Group recognized an impairment loss on its business assets in the domestic wine manufacturing and sales business in Yamanashi and Nagano Prefectures of Manns Wines Co., Ltd., a consolidated subsidiary included in the Domestic Foods—Manufacturing and Sales segment, and reduced the carrying amount of those assets to the recoverable amount as the recoverable amount was less than the carrying amount due to the facts that sales at the shops significantly decreased corresponding to the decrease in tourists as a result of travel restrictions caused by the spread of the COVID-19 pandemic, sales in the industrial- and foodservice-use sectors remained sluggish as a result of self-restraint of business in the hotel and restaurant industry, and, furthermore, a rapid recovery of sales in those areas could not be expected due to the recurring spread of the infections. The recoverable amount of ¥637 million ($5,754 thousand) was measured at fair value less costs of disposal, and the fair value hierarchy is Level 3 due to the use of valuation techniques (e.g., real estate appraisal) that include unobservable inputs such as net selling prices. The fair value hierarchy is described in Note 34. Financial instruments.

In addition, as described in Note 14. Goodwill and Intangible Assets, during the year ended March 31, 2021, an impairment loss of ¥2 million ($18 thousand) was recognized on the software of Manns Wines Co., Ltd., and a total amount of impairment losses for ¥1,185 million ($10,704 thousand) was recognized in “Other expenses.”

During the year ended March 31, 2020, no significant impairment loss was recognized.

14. Goodwill and Intangible Assets

(a) Change in carrying amount of goodwill and intangible assets

The changes in the carrying amount of goodwill and intangible assets were as follows:

(Millions of yen)

	Goodwill	Intangible assets		
		Software	Other	Total
As of April 1, 2019	¥4,993	¥3,850	¥1,430	¥5,280
Acquisition	—	1,257	31	1,288
Sale or disposal	—	(31)	(4)	(35)
Depreciation	—	(996)	(196)	(1,193)
Impairment loss	—	(301)	—	(301)
Exchange differences on translation of foreign operations	(146)	(3)	(88)	(92)
As of March 31, 2020	**¥4,847**	**¥3,773**	**¥1,172**	**¥4,946**
Acquisition	**—**	**1,223**	**420**	**1,644**
Sale or disposal	**—**	**(428)**	**(15)**	**(444)**
Depreciation	**—**	**(967)**	**(185)**	**(1,152)**
Impairment loss	**—**	**(2)**	**—**	**(2)**
Exchange differences on translation of foreign operations	**159**	**7**	**76**	**83**
As of March 31, 2021	**¥5,006**	**¥3,607**	**¥1,467**	**¥5,075**

(Thousands of U.S. dollars)

	Goodwill	Intangible assets		
		Software	Other	Total
As of March 31, 2020	**$43,781**	**$34,080**	**$10,586**	**$44,675**
Acquisition	**—**	**11,047**	**3,794**	**14,850**
Sale or disposal	**—**	**(3,866)**	**(135)**	**(4,010)**
Depreciation	**—**	**(8,735)**	**(1,671)**	**(10,406)**
Impairment loss	**—**	**(18)**	**—**	**(18)**
Exchange differences on translation of foreign operations	**1,436**	**63**	**686**	**750**
As of March 31, 2021	**$45,217**	**$32,581**	**$13,251**	**$45,840**

The cost, accumulated amortization and accumulated impairment loss of intangible assets as of March 31, 2021, 2020 and April 1, 2019 were as follows:

(Millions of yen)

Cost	Goodwill	Intangible assets		
		Software	Other	Total
As of April 1, 2019	¥14,396	¥10,766	¥3,688	¥14,454
As of March 31, 2020	14,065	11,690	3,556	15,247
As of March 31, 2021	**¥13,833**	**¥11,723**	**¥4,063**	**¥15,786**
				(Thousands of U.S. dollars)
As of March 31, 2021	**$124,948**	**$105,889**	**$36,699**	**$142,589**

(Millions of yen)

Accumulated depreciation and Accumulated impairment losses	Goodwill	Intangible assets		
		Software	Other	Total
As of April 1, 2019	¥9,403	¥6,915	¥2,258	¥9,173
As of March 31, 2020	9,218	7,916	2,384	10,301
As of March 31, 2021	**¥8,826**	**¥8,115**	**¥2,595**	**¥10,711**
				(Thousands of U.S. dollars)
As of March 31, 2021	**$79,722**	**$73,300**	**$23,440**	**$96,748**

There are no intangible assets to which restrictions on ownership are attached or pledged as collateral for debt.

Amortization expense is recognized in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

(b) Impairment test for goodwill

The goodwill recognized in the consolidated statement of financial position mainly consists of goodwill recognized in the acquisition of Kikkoman Soyfoods Company. The carrying amount of the goodwill has been ¥3,320 million ($29,988 thousand) as of March 31, 2021 and 2020 and April 1, 2019. This goodwill was recognized in the acquisition of Kikkoman Soyfoods Company and has been allocated to the cash-generating units that will benefit through synergy at the acquisition date.

The recoverable amount of the cash-generating unit to which the most part of goodwill associated with Kikkoman Soyfoods Company has been allocated was determined based on the value in use, which is calculated by discounting the future cash flows based on the budget for the next fiscal year approved by the management and the forecasted financial results for the 2 years following the next fiscal year. The growth rate used for projecting the cash flows for the periods beyond 3 years reflects the permanent growth rate determined based on the long-term average growth rate of the market to which the cash-generating unit belongs. Furthermore, the budget for the next fiscal year and the forecasted financial results for the 2 years following the next fiscal year reflect the management’s assessment of the industry’s future prospect and the actual results in the past and are prepared based on the external and internal information.

The pre-tax discount rates used for calculating the value in use for the years ended March 31, 2021 and 2020 were 9.9% and 10.4%, respectively, and the growth rate is 0.7% for both years.

The Group considers that it is unlikely that the recoverable amount of the cash-generating unit will be lower than the carrying amount, even if key assumptions are changed to a reasonable extent, because the recoverable amount of the cash-generating unit is sufficiently higher than the carrying amount of the goodwill.

(c) Impairment loss

Based on the segments, intangible assets are grouped together into the smallest group of assets that generates cash inflows largely independent of the cash inflows of other assets.

The Group recognized impairment losses of ¥2 million ($18 thousand) and ¥301 million during the years ended March 31, 2021 and 2020, respectively.

During the year ended March 31, 2021, an impairment loss was recognized on the software of Manns Wines Co., Ltd., a consolidated subsidiary included in the Domestic Foods—Manufacturing and Sales segment, because the recoverable amount was less than the carrying amount. Accordingly, the carrying amount was reduced to the recoverable amount and the amount of the impairment loss was recognized in “Other expenses.”

During the year ended March 31, 2020, an impairment loss was recognized as a result of a review of the usage of software included in the Domestic—Other business segment, and the classification of the asset was changed from business assets to idle assets. Accordingly, the carrying amount was reduced to zero, and the amount of decrease was recognized in “Other expenses.”

Further details are described in Note 13. Property, Plant and Equipment.

(d) Research and development costs

Research and development costs recognized in “Cost of sales” and “Selling, general and administrative expenses” for the years ended March 31, 2021 and 2020 were ¥4,758 million ($42,977 thousand) and ¥4,406 million, respectively.

15. Leases

As a lessee, the Group leases buildings and structures, machinery, equipment and vehicles and land for use in the Group's business.

Lease agreements of the Group have widely different terms and conditions, as each company is responsible for managing its leases and negotiates terms and conditions for leases individually. There are no significant purchase options, escalation clauses or restrictions imposed by the lease arrangements (e.g., dividends, restrictions on additional debts and leases).

(a) Right-of-use assets

The breakdown of the carrying amount of right-of-use assets as of March 31, 2021 and 2020 and April 1, 2019 is as follows:

	March 31,		**April 1,**	**March 31,**
	2021	**2020**	**2019**	**2021**
Underlying asset	*(Millions of yen)*			*(Thousands of U.S. dollars)*
Buildings and structures	**¥13,908**	¥13,616	¥15,612	**$125,626**
Machinery, equipment and vehicles	**3,812**	3,874	3,363	**34,432**
Land	**4,350**	4,527	4,856	**39,292**
Other	**74**	90	101	**668**
Total	**¥22,145**	¥22,110	¥23,934	**$200,027**

The increase in right-of-use assets for years ended March 31, 2021 and 2020 is ¥4,806 million ($43,411 thousand) and ¥3,037 million, respectively.

(b) Amounts recognized in profit or loss for right-of-use assets (as a lessee)

The amounts recognized in profit or loss for right-of-use assets for the years ended March 31, 2021 and 2020 are as follows:

(Millions of yen)

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Depreciation expense of right-of-use assets by class of underlying asset:			
Buildings and structures	**¥3,148**	¥3,024	**$28,435**
Machinery, equipment and vehicles	**1,331**	1,205	**12,022**
Land	**241**	244	**2,177**
Other	**31**	31	**280**
Total	**¥4,752**	¥4,506	**$42,923**
Interest expenses related to lease liabilities	**811**	610	**7,325**
Expenses related to short-term leases	**1,472**	1,947	**13,296**
Expenses related to leases of low-value assets	**142**	188	**1,283**
Income from sub-leasing right-of-use assets	**¥3**	¥1	**$27**

The total cash outflow for leases for the years ended March 31, 2021 and 2020 were ¥7,325 million ($66,164 thousand) and ¥6,626 million, respectively.

(c) Extension options (as a lessee)

Extension options are mainly included in real estate lease contracts for offices and warehouses overseas. Many of these options allow to extend contracts for five years.

Extension options in the Groups' lease contracts are exercisable only by the lessee, not by the lessor. These options are exercised to utilize the properties for business by the parties to the lease contract as necessary.

(d) Operating leases (as a lessor)

The Group leases mainly buildings and structures and land as a lessor under operating leases. In addition, the Group receives security deposits from lessees to ensure that the cost for restoring the leased properties to their original state is collected.

Total amounts of lease payments received for the years ended March 31, 2021 and 2020 were ¥1,303 million ($11,769 thousand) and ¥1,288 million, respectively.

A maturity analysis of the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years is as follows:

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Within 1 year	**¥1,098**	¥1,122	**$9,918**
More than 1 year and within 2 years	**665**	720	**6,007**
More than 2 years and within 3 years	**571**	647	**5,158**
More than 3 years and within 4 years	**548**	562	**4,950**
More than 4 years and within 5 years	**388**	532	**3,505**
More than 5 years	**2,241**	2,668	**20,242**
Total	**¥5,515**	¥6,255	**$49,815**

16. Investment Properties

(a) Change in carrying amount of investment properties

The changes in the carrying amount of investment properties for the years ended March 31, 2021 and 2020 were as follows:

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Beginning balance	**¥9,467**	¥9,583	**$85,512**
Acquisition	**60**	33	**542**
Depreciation	**(137)**	(141)	**(1,237)**
Sale or disposal	**(2)**	(7)	**(18)**
Other	**0**	(1)	**0**
Ending balance	**¥9,388**	¥9,467	**$84,798**
Cost of acquisition (beginning balance)	**16,282**	16,298	**147,069**
Accumulated depreciation and accumulated impairment losses (beginning balance)	**(6,815)**	(6,714)	**(61,557)**
Cost of acquisition (ending balance)	**16,337**	16,282	**147,566**
Accumulated depreciation and accumulated impairment losses (ending balance)	**¥(6,949)**	¥(6,815)	**$(62,768)**

(b) Fair values

The fair values of investment properties as of March 31, 2021 and 2020 and April 1, 2019 were as follows:

	March 31,		April 1,	March 31,
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Fair value	**¥24,178**	¥24,071	¥24,157	**$218,390**

The fair value of investment property is mainly based on a valuation conducted by independent real estate appraisers. The valuation is made in accordance with the appraisal standards of the country where the investment property is located and based on market evidence that reflects transaction prices of similar assets.

Fair value is categorized into the three levels based on the inputs to the valuation technique adopted (fair value hierarchy). The details of each level are described in Note 34. Financial Instruments.

Investment properties are categorized as Level 3 of the fair value hierarchy as of March 31, 2021 and 2020 and April 1, 2019.

(c) Amounts from investment properties recognized in profit or loss

The amounts of rental income and direct operating expenses (including repairs and maintenance) arising from investment property for the years ended March 31, 2021 and 2020 were as follows:

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Rental income	**¥1,139**	¥1,164	**$10,288**
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	**¥356**	¥379	**$3,216**
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period	**¥89**	¥93	**$804**

17. Investments in Associates Accounted for Using the Equity Method

The carrying amounts of investments in associates that are not individually significant as of March 31, 2021 and 2020 and April 1, 2019 were as follows:

	March 31,		**April 1,**	**March 31,**
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Investments in associates	**¥3,545**	¥3,043	¥3,118	**$32,021**

Financial information regarding the associates that are not individually significant for the years ended March 31, 2021 and 2020 is as follows. The amounts are determined by taking into account the Group’s relative ownership levels in each associate:

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Associates			
Net profit	**¥206**	¥209	**$1,861**
Other comprehensive income (loss)	**322**	(245)	**2,908**
Comprehensive income (loss)	**¥528**	¥(36)	**$4,769**

18. Income Taxes

(a) Deferred tax assets and deferred tax liabilities

The deferred tax assets and deferred tax liabilities recognized in the consolidated statements of financial position as of March 31, 2021 and 2020 and April 1, 2019 were as follows:

	March 31,		April 1,	March 31,
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Deferred tax assets	**¥3,005**	¥3,204	¥3,347	**$27,143**
Deferred tax liabilities	**(8,529)**	(6,511)	(8,020)	**(77,039)**
Deferred tax assets - net	**¥(5,524)**	¥(3,306)	¥(4,673)	**$(49,896)**

The major temporary differences for which deferred tax assets and liabilities were recognized as of March 31, 2021 and 2020 and April 1, 2019 were as follows:

	March 31,		April 1,	March 31,
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Deferred tax assets				
Property, plant and equipment	**¥5,008**	¥4,799	¥4,810	**$45,235**
Liabilities associated with post-retirement benefits	**1,416**	3,078	2,661	**12,790**
Accrued expenses	**1,909**	1,870	1,668	**17,243**
Employee bonuses	**835**	768	745	**7,542**
Accrued paid vacation	**878**	718	745	**7,931**
Carryover of unused tax losses	**932**	835	678	**8,418**
Other	**3,869**	3,391	2,992	**34,947**
Deferred tax assets - total	**¥14,851**	¥15,461	¥14,303	**$134,143**
Deferred tax liabilities				
Property, plant and equipment	**(10,004)**	(9,360)	(8,541)	**(90,362)**
Financial assets measured at FVOCI	**(7,434)**	(6,749)	(8,349)	**(67,148)**
Assets associated with post-retirement benefits	**(954)**	(989)	(989)	**(8,617)**
Other	**(1,982)**	(1,669)	(1,097)	**(17,903)**
Deferred tax liabilities - total	**¥(20,375)**	¥(18,768)	¥(18,976)	**$(184,039)**
Deferred tax assets - net	**¥(5,524)**	¥(3,306)	¥(4,673)	**$(49,896)**

The change in the balances of deferred tax assets and deferred tax liabilities for the years ended March 31, 2021 and 2020 was as follows:

	For the years ended March 31,		
	2021	2020	2021
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets - net			
Beginning balance	**¥(3,306)**	¥(4,673)	**$(29,862)**
Deferred income taxes	**(534)**	(679)	**(4,823)**
Deferred taxes related to items recognized in other comprehensive income			
Cashflow hedges	**5**	0	**45**
Net change in fair values of financial assets measured at FVOCI	**(980)**	1,473	**(8,852)**
Remeasurement of defined benefit liability (asset)	**(1,031)**	485	**(9,313)**
Other	**323**	86	**2,918**
Ending balance	**¥(5,524)**	¥(3,306)	**$49,896**

The Group considers taxable temporary differences, estimate of probable future taxable income and tax planning for recognition of deferred tax assets.

The components of deductible temporary differences, carryforward of unused tax losses and tax credits for which deferred tax assets have not been recognized in the consolidated statement of financial position as of March 31, 2021 and 2020 and April 1, 2019 were as follows:

	March 31,		April 1,	March 31,
	2021	2020	2019	2021
	(Millions of yen)			*(Thousands of U.S. dollars)*
Deductible temporary differences	**¥15,089**	¥13,477	¥12,833	**$136,293**
Unused tax losses	**545**	334	594	**4,923**
Tax credit	**¥23**	¥28	¥26	**$208**

The Group files consolidated tax returns in Japan, and, therefore, the amounts in the tables above do not include the amounts of deductible temporary differences and unused tax losses for which no deferred tax assets are recognized in relation to local taxes (inhabitant tax and enterprise tax) that do not apply when the consolidated tax return is filed. The amount of the deductible temporary differences for which no deferred tax assets in relation to local taxes (inhabitant tax and enterprise tax) are recognized as of March 31, 2021 and 2020 and April 1, 2019 were ¥9,809 million ($88,601 thousand), ¥9,626 million and ¥9,218 million, respectively, and the amount of the unused tax losses for which no deferred tax assets related to local taxes are recognized as of March 31, 2021 and 2020 and April 1, 2019 were ¥17,856 million ($161,286 thousand), ¥18,801 million and ¥18,754 million, respectively.

Unused tax losses related to inhabitant tax and enterprise tax expire in 9 and 10 years, respectively.

The breakdown of unused tax losses and tax credits for which no deferred tax assets are recognized in the consolidated statements of financial position as of March 31, 2021 and 2020 and April 1, 2019 by expiry date is as follows:

Expiry date	**March 31,**		**April 1,**	**March 31,**
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Within 1 year	**¥77**	¥—	¥176	**$696**
2-5 years	**468**	343	395	**4,227**
Over 5 years	**23**	19	50	**208**
Never expires	—	—	—	—
Total	**¥569**	¥362	¥621	**$5,140**

Total amounts of taxable temporary differences related to investments in subsidiaries for which deferred tax liabilities are not recognized as of March 31, 2021 and 2020 and April 1, 2019 were and ¥194,026 million ($1,752,561 thousand), ¥177,098 million, and ¥164,385 million, respectively.

A deferred tax liability on taxable temporary differences associated with investments in subsidiaries was not recognized because the Group was in a position to control the timing of the reversal of the temporary differences and it was probable that such differences would not reverse in the foreseeable future.

(b) Income Taxes

The breakdown of income tax expenses for the years ended March 31, 2021 and 2020 is as follows:

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Current tax expense	**¥11,038**	¥9,896	**$99,702**
Deferred tax expense			
Occurrence and reversal of temporary differences	**534**	679	**4,823**
Changes in unrecognized deferred tax assets	**—**	—	**—**
Adjustment of deferred tax assets and liabilities due to changes in tax rates	**¥—**	¥—	**$—**

(c) Reconciliation of effective tax rate

The breakdown of major items that caused differences between statutory tax rate and the average effective tax rate is as follows:

	For the years ended March 31,	
	2021	**2020**
	(%)	
Statutory tax rate	**30.5**	30.5
(Adjustments)		
Non-deductible expenses such as entertainment expenses	**0.5**	0.8
Items that are not permanently included in income such as dividends received	**(0.2)**	(0.2)
Differences in subsidiaries' tax rates	**(2.7)**	(2.8)
Other	**(1.3)**	(0.3)
Average effective tax rate	**26.8**	28.0

The Group is primarily subject to corporate tax, inhabitant tax and enterprise tax.
In addition, subsidiaries are subject to the tax rate of the local jurisdictions.

19. Trade and Other Payables

The breakdown of trade and other payables as of March 31, 2021 and 2020 and April 1, 2019 is as follows:

	March 31,		April 1,	March 31,
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Notes payable and trade payables	**¥25,530**	¥23,422	¥22,379	**$230,602**
Accounts payable	**18,665**	18,744	18,133	**168,594**
Other	**6,403**	4,839	4,776	**57,836**
Total	**¥50,600**	¥47,005	¥45,289	**$457,050**

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

20. Borrowings

(a) Breakdown of borrowings

The breakdown of borrowings as of March 31, 2021 and 2020 and April 1, 2019 is as follows:

	March 31,		**April 1,**	**March 31,**	**Average interest rate**	**Repayment due**
	2021	**2020**	**2019**	**2021**		
	(Millions of yen)			*(Thousands of U.S. dollars)*	*(%)*	
Short-term borrowings	**¥3,747**	¥5,311	¥3,487	**$33,845**	0.57	—
Current portion of long-term borrowings (due within 1 year)	**202**	—	—	**1,825**	2.38	—
Long-term borrowings	**13,400**	13,602	13,602	**121,037**	0.15	2023-2024
Total	**¥17,350**	¥18,914	¥17,090	**$156,716**	—	—
Current liabilities	**3,950**	5,311	¥3,487	**35,679**		
Non-current liabilities	**13,400**	13,602	13,602	**121,037**		
Total	**¥17,350**	¥18,914	¥17,090	**$156,716**		

Borrowings are classified as financial liabilities measured at amortized cost.

The average interest rates in the table above show the weighted average interest rates based on the closing balance of respective borrowings.

With regard to the borrowings, there are no financial covenants that have a significant impact on the financing activities of the Group.

(b) Assets pledged as collateral

Assets pledged as collateral and the corresponding liabilities as of March 31, 2021 and 2020 and April 1, 2019 were as follows:

Assets pledged as collateral

	March 31,		**April 1,**	**March 31,**
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Trade and other receivables	**¥553**	¥544	¥554	**$4,995**
Total	**¥553**	¥544	¥554	**$4,995**

Corresponding liabilities

	March 31,		**April 1,**	**March 31,**
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Short-term borrowings	**¥553**	¥544	¥554	**$4,995**
Total	**¥553**	¥544	¥554	**$4,995**

(c) Corporate bonds

The obligations under the 7th unsecured corporate bond were transferred in accordance with a trust-type debt assumption agreement concluded with banks before the date of transition to IFRS. The bond was derecognized in accordance with the previous GAAP and not recognized in the consolidated statement of financial position under IFRS, because this transaction had occurred before the date of transition to IFRS.

The obligation to redeem the corporate bond to the bondholders will continue until December 15, 2021, the redemption date of the bond, and the redemption amount of the bond is ¥30,000 million.

21. Other Financial Liabilities

The breakdown of other financial liabilities as of March 31, 2021 and 2020 and April 1, 2019 is as follows:

	March 31,		**April 1,**	**March 31,**
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Deposits received from customers	**¥3,277**	¥3,244	¥4,647	**$29,600**
Derivative liabilities	**214**	741	371	**1,933**
Other	**1,020**	1,062	1,199	**9,213**
Total	**¥4,512**	¥5,047	¥6,218	**$40,755**
Current liabilities	**445**	897	455	**4,020**
Non-current liabilities	**4,067**	4,149	5,762	**36,736**
Total	**¥4,512**	¥5,047	¥6,218	**$40,755**

Deposits received from customers are classified as financial liabilities measured at amortized cost.

Derivative liabilities are classified as financial liabilities measured at FVTPL (excluding those to which hedge accounting is applied).

22. Other Liabilities

The breakdown of other liabilities as of March 31, 2021 and 2020 and April 1, 2019 is as follows:

	March 31,		April 1,	March 31,
	2021	2020	2019	2021
	(Millions of yen)			*(Thousands of U.S. dollars)*
Accrued paid vacation	**¥3,364**	¥3,066	¥2,958	**$30,386**
Accrued bonus	**3,192**	2,854	2,764	**28,832**
Other	**3,871**	2,333	3,287	**34,965**
Total	**¥10,428**	¥8,253	¥9,010	**$94,192**
Current liabilities	**8,522**	7,009	7,720	**76,976**
Non-current liabilities	**1,906**	1,244	1,290	**17,216**
Total	**¥10,428**	¥8,253	¥9,010	**$94,192**

23. Post-employment Benefit Plans

The Company and certain of its consolidated subsidiaries have funded and unfunded defined benefit plans and defined contribution plans for benefit payments to their employees.

With defined benefit corporate pension plans (all funded plans), a lump-sum payment or pension will be provided on the basis of cumulative points (granted every year based on the employee's position and performance evaluation) by the Company and main domestic subsidiaries, and according to basic rates of salaries and length of service by other subsidiaries.

In retirement lump-sum plans (which include unfunded plans and funded plans as a result of employee pension plans being set up), lump-sum payments are provided as retirement benefits on the basis of cumulative points (granted every year based on the employee's position and performance evaluation) by the Company and main domestic subsidiaries, and according to basic rates of salaries and service length by other subsidiaries.

The defined benefit plans are managed by the Group or pension funds that are legally separated from the Group in accordance with applicable laws and regulations.

The Group or the board of the pension funds and the trusted pension fund managers are required by laws and regulations to act in the best interest of plan participants and they are responsible for managing the plan assets based on certain defined policies.

The Group's post-employment benefit plans are exposed to risks such as investment risk associated with the plan assets and interest rate risk associated with the retirement benefit obligations.

(Additional information)
During the year ended March 31, 2021, the Company and certain of its domestic subsidiaries have revised its defined benefit plans due to changes including introduction of a policy of retirement age extension.

In addition, certain of the Company's domestic subsidiaries have transferred a portion of the defined benefit plan assets to the defined contribution plan due to the revision of the defined benefit plans.

As a result, ¥2,067 million ($18,670 thousand) was recognized as gain on revision of defined benefit plans in "Other income" and ¥61 million ($551 thousand) was recognized as loss on settlement in "Other expense" in the consolidated statement of profit or loss due to the effect of past service costs and settlement.

(a) Defined benefit plans

(1) Reconciliation of the balances of retirement benefit obligations and plan assets

The reconciliation of the balances of retirement benefit obligations and plan assets to net amount recorded on the consolidated statements of financial position as of March 31, 2021 and 2020 and April 1, 2019 is as follows:

	March 31,		**April 1,**	**March 31,**
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Retirement benefit obligations of funded pension plans	**¥32,203**	¥35,004	¥35,848	**$290,877**
Plan assets	**(37,503)**	(34,350)	(37,267)	**(338,750)**
Total	**¥(5,300)**	¥653	¥(1,419)	**$(47,873)**
Retirement benefit obligations of unfunded pension plans	**2,907**	2,851	2,461	**26,258**
Total	**¥(2,392)**	¥3,504	¥1,042	**$(21,606)**
Amounts recognized in the consolidated statement of financial position:				
Net defined benefit liability	**5,047**	8,380	6,778	**45,588**
Net defined benefit asset	**(7,440)**	(4,875)	(5,736)	**(67,203)**
Net amount recognized in the consolidated statement of financial position	**¥(2,392)**	¥3,504	¥1,042	**$(21,606)**

(2) Reconciliation of retirement benefit obligations

The reconciliation of the defined benefit obligations for the years ended March 31, 2021 and 2020 is as follows:

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Beginning balance	**¥37,855**	¥38,310	**$341,929**
Service cost	**1,177**	1,253	**10,631**
Interest cost	**371**	376	**3,351**
Actuarial loss (gain) arising from:			
• Demographic assumptions	**(20)**	(11)	**(181)**
• Financial assumptions	**140**	429	**1,265**
• Experience adjustment	**(35)**	(22)	**(316)**
Increase (decrease) in obligations arising from past service cost	**(2,107)**	—	**(19,032)**
Benefits paid	**(2,497)**	(2,574)	**(22,554)**
Effect of changes in exchange rates	**121**	(124)	**1,093**
Other	**105**	220	**948**
Ending balance	**¥35,110**	¥37,855	**$317,135**

The weighted-average duration of the defined benefit obligation for the years ended March 31, 2021 and 2020 was as follows:

	For the years ended March 31,	
	2021	**2020**
	(Years)	
Weighted-average duration	**14.8**	13.0

(3) Reconciliation of plan assets

Reconciliation of the balance of plan assets for the years ended March 31, 2021 and 2020 is as follows:

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Beginning balance	**¥34,350**	¥37,267	**$310,270**
Interest income	**315**	323	**2,845**
Actuarial loss (gain) arising from:			
Return on plan assets (excluding interest income)	**3,803**	(1,513)	**34,351**
Settlement	**(101)**	—	**(912)**
Employer contributions	**1,392**	802	**12,573**
Retirement benefits paid	**(2,397)**	(2,236)	**(21,651)**
Effect of changes in exchange rates	**139**	(82)	**1,256**
Other	**(0)**	(210)	**(0)**
Ending balance	**¥37,503**	¥34,350	**$338,750**

The Group plans to make a contribution of ¥770 million in the year ending March 31, 2022.

(4) Components of plan assets

The components of plan assets by major categories for the years ended March 31, 2021 and 2020 and April 1, 2019 are as follows:

March 31, 2021

(Millions of yen)

	With quoted prices in active markets	Without quoted prices in active markets	Total
Equity instruments			
Domestic stocks	**¥4,908**	**¥3,047**	**¥7,955**
Foreign stocks	**2,584**	**1,652**	**4,237**
Debt instruments			
Domestic bonds	—	**6,221**	**6,221**
Foreign bonds	**1,118**	**2,615**	**3,734**
General life insurance policies	—	**6,831**	**6,831**
Cash and cash equivalents	**235**	—	**235**
Other	—	**8,287**	**8,287**
Total	**¥8,847**	**¥28,656**	**¥37,503**

March 31, 2021

(Thousands of U.S. dollars)

	With quoted prices in active markets	Without quoted prices in active markets	Total
Equity instruments			
Domestic stocks	**$44,332**	**$27,522**	**$71,854**
Foreign stocks	**23,340**	**14,922**	**38,271**
Debt instruments			
Domestic bonds	—	**56,192**	**56,192**
Foreign bonds	**10,098**	**23,620**	**33,728**
General life insurance policies	—	**61,702**	**61,702**
Cash and cash equivalents	**2,123**	—	**2,123**
Other	—	**74,853**	**74,853**
Total	**$79,911**	**$258,838**	**$338,750**

March 31, 2020

(Millions of yen)

	With quoted prices in active markets	Without quoted prices in active markets	Total
Equity instruments			
Domestic stocks	¥4,189	¥2,205	¥6,394
Foreign stocks	1,784	1,255	3,039
Debt instruments			
Domestic bonds	—	6,512	6,512
Foreign bonds	817	2,516	3,334
General life insurance policies	—	6,009	6,009
Cash and cash equivalents	338	—	338
Other	1	8,719	8,720
Total	¥7,131	¥27,219	¥34,350

April 1, 2019

(Millions of yen)

	With quoted prices in active markets	Without quoted prices in active markets	Total
Equity instruments			
Domestic stocks	¥4,965	¥3,346	¥8,311
Foreign stocks	1,691	1,676	3,368
Debt instruments			
Domestic bonds	—	7,231	7,231
Foreign bonds	958	2,549	3,507
General life insurance policies	—	6,395	6,395
Cash and cash equivalents	329	—	329
Other	1	8,123	8,124
Total	¥7,946	¥29,321	¥37,267

The investment policy of the Group's plan assets is aimed at securing the required total return over the long term, within the scope of acceptable risk, in order to ensure the future delivery of defined benefit plan obligations.

To achieve this objective, the plans implement pension ALM (asset-liability management) with the assistance of external organization and formulates a policy asset mix, which is the optimal combination of assets for the future. In the policy asset mix, the plan sets risk levels, expected rates of return and asset allocations by investment asset class and manage the assets by maintaining those allocations.

(5) Actuarial assumptions

The principal actuarial assumption as of March31, 2021 and 2020 and April 1, 2019 were as follows:

(%)

	March 31,		**April 1,**
	2021	**2020**	**2019**
Discount rate	**1.11**	1.05	1.03

(6) Sensitivity analysis of defined benefit obligations

The sensitivity of defined benefit obligations as of March 31, 2021 and 2020 to the discount rate used for actuarial calculation is summarized as follows. This sensitivity analysis assumes that other variables remain constant, but they do not always change independently.

	Change of assumptions	**March 31,**		**March 31,**
		2021	**2020**	**2021**
		(Millions of yen)		*(Thousands of U.S. dollars)*
Discount rate	0.5% increase	**¥(1,880)**	¥(1,942)	**$(16,981)**
	0.5% decrease	**¥1,888**	¥1,933	**$17,054**

Negative numbers indicate a decrease in defined benefit plan obligations, while positive numbers indicate an increase in defined benefit plan obligations.

(b) Defined contribution plans

The Group’s contributions for defined contribution plans were ¥3,272 million ($29,555 thousand) and ¥2,874 million for the years ended March 31, 2021 and 2020, respectively. In addition, the amount of expenses recognized in each year includes contributions to public pension plans, which were ¥2,067 million ($18,670 thousand) and ¥2,249 million, respectively.

(c) Retirement benefits for directors and corporate auditors

The Group recognizes retirement benefits for directors and corporate auditors as liabilities for retirement benefits in the consolidated statement of financial position. The amounts as of March 31, 2021 and 2020 and April 1, 2019 were ¥674 million ($6,088 thousand) and ¥732 million and ¥711 million, respectively.

(d) Employee benefit expenses

The total amount of employee benefit expenses included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statements of profit or loss for the years ended March 31, 2021 and 2020 were ¥58,158 million ($525,318 thousand) and ¥57,527 million, respectively.

24. Equity and Other Components of Equity

(a) Number of authorized shares and number of issued shares

The number of authorized shares as of and the increase or decrease in the number of shares issued and outstanding during years ended March 31, 2021 and 2020 were as follows:

(Thousands of shares)

	For the years ended March 31,	
	2021	**2020**
Number of authorized shares	**600,000**	600,000
Number of issued shares		
Beginning of the year	**193,883**	193,883
Increase (decrease)	—	—
End of the year	**193,883**	193,883

The shares issued by the Company are non-par value common stocks that have no restrictions on shareholder rights.

In addition, the issued shares have been fully paid in.

(b) Treasury stock

The changes in the number of treasury stock during the years ended March 31, 2021 and 2020 were as follows:

(Thousands of shares)

	For the year ended March 31,	
	2021	**2020**
Beginning of the year	**1,908**	1,905
Increase	**2**	3
Decrease	**0**	0
End of the year	**1,911**	1,908

(c) Capital surplus

Under the Companies Act of Japan, at least 50% of the payment or delivery upon issuance of shares shall be credited to common stock, and the reminder shall be credited to capital reserve included under capital surplus. In addition, the Companies Act of Japan permits, upon resolution at the general meeting of shareholders, the transfer of capital reserve to common stock.

(d) Retained earnings

The Corporate Act of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of common stock.

(e) Other components of equity

(1) Exchange differences on translation of foreign operations

Exchange differences on translation of foreign operations represent the foreign currency translation differences that occurred upon consolidation of the financial statements of foreign operations prepared in foreign currencies.

(2) Cash flow hedges

The Group uses financial instruments as hedges against the risk associated with the changes in future cash flows, and cash flow hedges represent the effective portion of changes in the fair value of derivatives designated as hedging instrument of cash flow hedge.

(3) Net changes in fair value of financial assets measured at FVOCI

Net changes in fair value of financial assets measured at FVOCI represent the changes in fair value of financial assets measured at FVOCI.

(4) Remeasurements of the net defined benefit plans

Remeasurements of the net defined benefit plans comprise actuarial gains and losses, the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). In addition, actuarial gains and losses are the effects of differences between actuarial assumptions at the beginning of the year and actual results and the effects of changes in actuarial assumptions. Actuarial gains and losses are recognized in other comprehensive income as incurred and immediately transferred from other components of equity to retained earnings.

25. Dividends

Dividends paid for the years ended March 31, 2021 and 2020 were as follows:

For the year ended March 31, 2021

Resolution date	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Declared date	Effective date
June 23, 2020 Annual General Meeting of Shareholders	Common stock	**¥4,032**	**¥21**	March 31, 2020	June 24, 2020
October 28, 2020 Board of Directors Meeting	Common stock	**¥4,032**	**¥21**	September 30, 2020	December 4, 2020

Resolution date	Class of shares	Total dividends (Thousands of U.S. dollars)	Dividends per share (U.S. dollars)	Declared date	Effective date
June 23, 2020 Annual General Meeting of Shareholders	Common stock	**$36,419**	**$0.19**	March 31, 2020	June 24, 2020
October 28, 2020 Board of Directors Meeting	Common stock	**$36,419**	**$0.19**	September 30, 2020	December 4, 2020

For the year ended March 31, 2020

Resolution date	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Declared date	Effective date
June 25, 2019 Annual General Meeting of Shareholders	Common stock	¥4,032	¥21	March 31, 2019	June 26, 2019
October 25, 2019 Board of Directors Meeting	Common stock	¥4,032	¥21	September 30, 2019	December 6, 2019

Dividends that were declared in the current year but have the effective dates in the subsequent year were as follows:

For the year ended March 31, 2021

Resolution date	Class of shares	Source of dividends	Total dividends (Millions of yen)	Dividends per share (Yen)	Declared date	Effective date
June 22, 2021 Annual General Meeting of Shareholders	Common stock	Retained earnings	**¥4,608**	**¥24**	March 31, 2021	June 23, 2021

Resolution date	Class of shares	Source of dividends	Total dividends (Thousands of U.S. dollars)	Dividends per share (U.S. dollars)	Declared date	Effective date
June 22, 2021 Annual General Meeting of Shareholders	Common stock	Retained earnings	**$41,622**	**$0.22**	March 31, 2021	June 23, 2021

For the year ended March 31, 2020

Resolution date	Class of shares	Source of dividends	Total dividends (Millions of yen)	Dividends per share (Yen)	Declared date	Effective date
June 23, 2020 Annual General Meeting of Shareholders	Common stock	Retained earnings	¥4,032	¥21	March 31, 2020	June 24, 2020

26. Revenue

(a) Disaggregation of revenue from contracts with customers and other sources

(1) Revenue from contracts with customers and other sources

Revenue from contracts with customers and other sources for the years ended March 31, 2021 and 2020 is as follows:

Revenue from	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Contracts with customers	**¥438,839**	¥439,047	**$3,963,861**
Other sources	**572**	579	**5,167**
Total	**¥439,411**	¥439,627	**$3,969,027**

Revenue from other sources comprises mainly rental income recognized in accordance with IFRS 16.

(2) Reconciliation of the disaggregated revenue with the Group's reportable segments

The Group manages the businesses by dividing the domestic businesses into those that primarily engage in the manufacturing and sale of foods and those that operate other businesses, and the overseas businesses into those that engage in foods manufacturing and sales and those that engage in oriental food wholesaling. Consequently, the Group's operations consist of segments divided by domestic and overseas operations and overlapping businesses. The four reportable segments: Domestic Foods—Manufacturing and Sales, Domestic Others, Overseas Foods—Manufacturing and Sales and Overseas Foods—Wholesale.

The Group's reportable segments are the components of the Group for which separate financial information is available. The Group's Board of Directors uses these operating segments periodically to make decisions on the allocation of management resources and to evaluate business performance. Therefore, the Group presents amounts recognized by these segments as sales revenue. Additionally, revenue is geographically disaggregated based on customers' locations.

The Group engages in manufacturing and sales of soy sauce, food, beverages, liquor and wine, manufacturing and sale of pharmaceuticals and chemical products and real estate rental in the domestic market and manufacturing and sale of soy sauce, Del Monte products and health foods in overseas markets. In addition, the Group purchases and sells oriental food products in domestic and overseas markets.

Revenue from the sale of these products and merchandise is recognized primarily at the point in time when the product or merchandise is delivered to the customer, as the customer obtains control over the products or merchandise and the performance obligation is considered to be satisfied upon delivery. In addition, revenue from the sale of these products and merchandise is calculated as the amount of the consideration in the sales contract less rebates and discounts in accordance with the volume and amount of the sale.

Payment for these performance obligations is received within two months after the delivery in most cases. In addition, none of the contracts with customers contain a significant financing component.

For the years ended March 31, 2020 and 2021, the contract liabilities, refund liabilities, amount of assets recognized from the costs to obtain or fulfill a contract with a customer and the amount of revenue recognized from performance obligations satisfied in previous periods were not material.

The following table shows a reconciliation of the disaggregated revenue with the Group’s reportable segments for the years ended March 31, 2021 and 2020:

For the year ended March 31, 2021

(Millions of yen)

	Japan	United States	Other	Total
Domestic Foods—Manufacturing and Sales	**¥145,284**	**¥—**	**¥35**	**¥145,319**
Domestic Others	**6,231**	**358**	**950**	**7,541**
Overseas Foods—Manufacturing and Sales	**350**	**50,016**	**38,314**	**88,681**
Overseas Foods—Wholesale	**5,289**	**134,722**	**57,858**	**197,869**
Total	**¥157,155**	**¥185,097**	**¥97,158**	**¥439,411**
Revenue from contracts with customers	**156,583**	**185,097**	**97,158**	**438,839**
Revenue from other sources	**¥572**	**¥—**	**¥—**	**¥572**

Revenue from other sources comprises mainly rental income recognized in accordance with IFRS 16.

For the year ended March 31, 2021

(Thousands of U.S. dollars)

	Japan	United States	Other	Total
Domestic Foods—Manufacturing and Sales	**$1,312,293**	**$—**	**$316**	**$1,312,610**
Domestic Others	**56,282**	**3,234**	**8,581**	**68,115**
Overseas Foods—Manufacturing and Sales	**3,161**	**451,775**	**346,075**	**801,021**
Overseas Foods—Wholesale	**47,773**	**1,216,891**	**522,609**	**1,787,273**
Total	**$1,419,519**	**$1,671,909**	**$877,590**	**$3,969,027**
Revenue from contracts with customers	**1,414,353**	**1,671,909**	**877,590**	**3,963,861**
Revenue from other sources	**$5,167**	**$—**	**$—**	**$5,167**

Revenue from other sources comprises mainly rental income recognized in accordance with IFRS 16.

For the year ended March 31, 2020

(Millions of yen)

	Japan	United States	Other	Total
Domestic Foods—Manufacturing and Sales	¥149,445	¥—	¥33	¥149,478
Domestic Others	6,063	381	777	7,221
Overseas Foods—Manufacturing and Sales	351	48,014	34,875	83,241
Overseas Foods—Wholesale	3,897	141,486	54,301	199,684
Total	¥159,757	¥189,881	¥89,987	¥439,627
Revenue from contracts with customers	159,178	189,881	89,987	439,047
Revenue from other sources	¥579	¥—	¥—	¥579

Revenue from other sources comprises mainly rental income recognized in accordance with IFRS 16.

(b) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	March 31,		**April 1,**	**March 31,**
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Contract assets from contracts with customers.				
Trade and other receivables	**¥61,739**	¥61,145	¥60,624	**$557,664**

As of March 31, 2021 and 2020, and April 1, 2019, the Group's balances of contract assets and contract liabilities were not material.

(c) Transaction price allocated to the remaining performance obligations

The Group has no significant transactions with individual expected contract terms exceeding one year. In addition, there are no significant amounts of consideration from contracts with customers that are not included in the transaction price.

27. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses for the years ended March 31, 2021 and 2020 is as follows:

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Employee benefit expenses	**¥40,585**	¥40,355	**$366,588**
Logistics expenses	**24,088**	24,178	**217,577**
Advertising and sales promotion expenses	**14,373**	14,685	**129,826**
Depreciation and amortization	**7,545**	6,962	**68,151**
Research and development expenses	**4,758**	4,406	**42,977**
Other expenses	**20,231**	23,599	**182,739**
Total	**¥111,583**	¥114,187	**$1,007,885**

28. Other Income

The breakdown of other income for the years ended March 31, 2021 and 2020 is as follows:

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Gain on sales of fixed assets	**¥227**	¥43	**$2,050**
Rental income	**731**	709	**6,603**
Royalty income	**227**	237	**2,050**
Foreign exchange gain	**553**	170	**4,995**
Gain on revision of retirement benefit plan	**2,067**	—	**18,670**
Other	**1,415**	882	**12,781**
Total	**¥5,223**	¥2,042	**$47,177**

29. Other Expenses

The breakdown of other expenses for the years ended March 31, 2021 and 2020 is as follows:

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Loss on sales and disposal of fixed assets	**¥1,203**	¥1,224	**$10,866**
Loss on impairment of fixed assets	**1,185**	303	**10,704**
Rental expenses	**251**	277	**2,267**
Foreign exchange loss	**307**	249	**2,773**
Other	**3,254**	3,125	**29,392**
Total	**¥6,201**	¥5,179	**$56,011**

30. Finance Income and Finance Costs

(a) Finance income

The breakdown of finance income for the years ended March 31, 2021 and 2020 is as follows:

	For the years ended March 31,		
	2021	2020	2021
	(Millions of yen)		(Thousands of U.S. dollars)
Interest income			
Financial assets at amortized cost	**¥152**	¥257	**$1,373**
Dividend income			
Equity instruments at FVOCI	**954**	978	**8,617**
Financial assets at FVTPL	**9**	0	**81**
Remeasurement to fair value			
Financial assets at FVTPL	**567**	779	**5,121**
Gain on remeasurement of derivatives	**2,490**	447	**22,491**
Foreign exchange gain	**80**	1,556	**723**
Other	**16**	18	**145**
Total	**¥4,272**	¥4,037	**$38,587**

The breakdown of dividend income related to equity instruments at FVOCI for the years ended March 31, 2021 and 2020 is as follows:

	For the years ended March 31,		
	2021	2020	2021
	(Millions of yen)		(Thousands of U.S. dollars)
Financial assets derecognized during the period	**¥9**	¥4	**$81**
Financial assets held as of the end of the year	**¥945**	¥974	**$8,536**

(b) Finance costs

The breakdown of finance costs for the years ended March 31, 2021 and 2020 is as follows:

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Interest expense			
Financial liabilities at amortized cost	**¥108**	¥113	**$976**
Lease liabilities	**811**	610	**7,325**
Loss on remeasurement of derivatives	**154**	5	**1,391**
Foreign exchange loss	**1,551**	73	**14,010**
Other	**331**	533	**2,990**
Total	**¥2,956**	¥1,336	**$26,700**

31. Other Comprehensive Income

Amounts arising during the year, amounts reclassified to profit or loss and the tax effect included in other comprehensive income for the years ended March 31, 2021 and 2020 were as follows:

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Exchange differences on translation of foreign operations			
Amount arising during the year	**¥7,724**	¥(5,443)	**$69,768**
Amount reclassified to profit or loss	—	—	—
Before tax	**7,724**	(5,443)	**69,768**
Income taxes	—	—	—
Exchange differences on translation of foreign operations	**7,724**	(5,443)	**69,768**
Cash flow hedges			
Amount arising during the year	**(21)**	6	**(190)**
Amount reclassified to profit or loss	**3**	(9)	**27**
Before tax	**(18)**	(2)	**(163)**
Income taxes	**5**	0	**45**
Cash flow hedges	**(12)**	(1)	**(108)**
Financial assets at FVOCI – net change in fair value			
Amount arising during the year	**2,982**	(5,137)	**26,935**
Before tax	**2,982**	(5,137)	**26,935**
Income taxes	**(980)**	1,473	**(8,852)**
Financial assets at FVOCI – net change in fair value	**2,002**	(3,663)	**18,083**
Remeasurements of defined benefit liability (asset)			
Amount arising during the year	**3,718**	(1,904)	**33,583**
Before tax	**3,718**	(1,904)	**33,583**
Income taxes	**(1,031)**	485	**(9,313)**

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Remeasurements of defined benefit liability (asset)	**2,687**	(1,419)	**24,271**
Investments accounted for using the equity method – share of OCI			
Amount arising during the year	**322**	(245)	**2,908**
Investments accounted for using the equity method – share of OCI	**322**	(245)	**2,908**
Total comprehensive income	**¥12,724**	¥(10,773)	**$114,931**

32. Earnings per Share

Basic earnings per share and the basis for calculation are as follows.

Diluted earnings per share is not shown because there are no dilutive potential common stocks:

	For the year ended March 31,		
	2021	**2020**	**2021**
	(Yen)		*(U.S. dollar)*
Basic earnings per share	**¥162.31**	¥139.74	**$1.47**

	For the year ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Net income attributable to common shareholders of the Company	**¥31,159**	¥26,827	**$281,447**
Net income not attributable to common shareholders of the Company	—	—	—
Net income attributable to common shareholders used for calculation of basic earnings per share	**¥31,159**	¥26,827	**$281,447**
	(Thousands of shares)		
Weighted-average number of common shares used for calculation of basic earnings per share	**191,973**	191,975	—

33. Separate Disclosure of Statements of Cash Flows

(a) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities for the years ended March 31, 2021 and 2020 were as follows:

For the year ended March 31, 2021

(Millions of yen)

	April 1, 2020	Changes with cash flows	Changes without cash flows			March 31, 2021
			Foreign exchange movement	New leases	Other	
Short-term borrowings	**¥5,311**	**¥(1,581)**	**¥18**	**¥—**	**¥202**	**¥3,950**
Long-term borrowings	**13,602**	**—**	**—**	**—**	**(202)**	**13,400**
Lease liabilities	**23,771**	**(5,444)**	**947**	**5,737**	**(697)**	**24,314**
Total	**¥42,685**	**¥(7,025)**	**¥965**	**¥5,737**	**¥(697)**	**¥41,664**

For the year ended March 31, 2021

(Thousands of U.S. dollars)

	April 1, 2020	Changes with cash flows	Changes without cash flows			March 31, 2021
			Foreign exchange movement	New leases	Other	
Short-term borrowings	**$47,972**	**$(14,281)**	**$163**	**$—**	**$1,825**	**$35,679**
Long-term borrowings	**122,862**	**—**	**—**	**—**	**(1,825)**	**121,037**
Lease liabilities	**214,714**	**(49,174)**	**8,554**	**51,820**	**(6,296)**	**219,619**
Total	**$385,557**	**$(63,454)**	**$8,716**	**$51,820**	**$(6,296)**	**$376,335**

For the year ended March 31, 2020

(Millions of yen)

	April 1, 2019	Changes with cash flows	Changes without cash flows			March 31, 2020
			Foreign exchange movement	New leases	Other	
Short-term borrowings	¥3,487	¥1,949	¥(125)	¥—	¥—	¥5,311
Long-term borrowings	13,602	—	—	—	—	13,602
Lease liabilities	25,336	(5,051)	(756)	4,035	206	23,771
Total	¥42,426	¥(3,102)	¥(881)	¥4,035	¥206	¥42,685

34. Financial Instruments

(a) Capital management

The Group's basic policy for capital management is to enhance capital efficiency for medium- and long-term improvement of the corporate value, while maintaining a sound financial position.

Indicators that the Group uses for capital management are equity (equity attributable to owners of the parent), ratio of equity attributable to owners of the parent to total assets and ratio of profit for the year to total equity attributable to owners of the parent (ROE). The balances as of March 31, 2021 and 2020 and April 1, 2019 were as follows.

	March 31,		**April 1,**	**March 31,**
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Total equity	**¥308,130**	¥272,258	¥264,308	**$2,783,217**
	(%)			
Equity attributable to owners of the parent	**70.3**	68.3	67.7	—
Profit for the year to total equity attributable to owners of the parent	**10.7**	10.0	—	—

Management monitors and confirms these indicators, as well as revenue and investment plans, whenever the Group develops and updates a management plan.

There are no regulatory capital requirements externally imposed on the Group.

(b) Basic policy for financial risk management

The Group is exposed to financial risks (credit risk, liquidity risk, currency risk, interest rate risk and market price fluctuation risk) in the process of operating activities. In order to mitigate these financial risks, the Group manages risks in accordance with a certain policy.

In addition, the Group utilizes derivative transactions for the purpose of hedging their exposure to adverse fluctuations in foreign currency exchange rates but not for speculative purposes.

(c) Credit Risk

The Group's financial assets measured at amortized cost including trade receivables (trade and other receivables) are exposed to credit risk in relation to customers.

For these trade receivables, each operating department and the accounting department of the Company and its subsidiaries perform periodic monitoring of the financial condition of major customers, manage due dates and balances for each customer, promptly understand and attempt to mitigate the risk of uncollectable receivables in the event of deterioration in a customer's financial condition.

The Group does not have any excessive concentration of credit risk against specific customers.
Derivative transactions are not subject to significant credit risk since the counterparties are limited to financial institutions with high credit ratings.

The Group's maximum exposure to credit risk is the carrying amount of financial assets presented in the consolidated statement of financial position, except for guarantee obligation which is the amount of debt guarantee. The maximum exposure to credit risk associated with debt guarantees is presented as the amount of debt guarantees. For the amount of debt guarantees, see Note 38. Guarantees.

Primarily, the Group holds guarantee deposit as collateral for a part of trade receivables. The amounts recognized in other financial liabilities in the consolidated statement of financial position as of March 31, 2021 and 2020 and April 1, 2019 were ¥3,277 million ($29,600 thousand) , ¥3,244 million and ¥4,647 million, respectively.

The changes in loss allowance for doubtful receivables for the years ended March 31, 2021 and 2020 and April 1, 2019 are summarized as follows:

	Trade and other receivables	Other financial assets		
		Financial assets for which loss allowance is measured at an amount equal to 12-month expected credit losses	Financial assets for which loss allowance is measured at an amount equal to lifetime expected credit losses	
			Financial assets with significantly increased credit risk	Credit-impaired financial assets
	(Millions of yen)			
Balance as of April 1, 2019	¥578	¥0	¥—	¥1,781
Increase (Recognition) (Note)	801	30	—	432
Decrease (Write-off)	(101)	—	—	(0)
Decrease (Reversal) (Note)	(106)	(0)	—	(29)
Other	(128)	—	—	3
Balance as of March 31, 2020	**¥1,042**	**¥30**	**¥—**	**¥2,188**
Increase (Recognition) (Note)	**170**	**0**	**—**	**159**
Decrease (Write-off)	**(151)**	**(30)**	**—**	**(396)**
Decrease (Reversal) (Note)	**(450)**	**(0)**	**—**	**(16)**
Other	**45**	**—**	**—**	**(5)**
Balance as of March 31, 2021	**¥656**	**¥0**	**¥—**	**¥1,928**
	(Thousands of U.S. dollars)			
Balance as of March 31, 2020	**$9,412**	**$271**	**$—**	**$19,763**
Increase (Recognition) (Note)	**1,536**	**0**	**—**	**1,436**
Decrease (Write-off)	**(1,364)**	**(271)**	**—**	**(3,577)**
Decrease (Reversal) (Note)	**(4,065)**	**(0)**	**—**	**(145)**
Other	**406**	**—**	**—**	**(45)**
Balance as of March 31, 2021	**$5,925**	**$0**	**$—**	**$17,415**

(Note)
Provision and reversal of allowance for doubtful receivables related to trade receivables mainly resulted from an increase or decrease of trade and other receivables due to sales and collection.

There were no significant changes in the carrying amount of financial assets that could have a material effect on the allowance for doubtful receivables.

The credit risk from trade and other receivables at each reporting date was assessed as extremely low. The Group does not have any credit risk concentrated on the ratings of financial instruments.

(d) Liquidity Risk

The Group is financed by loans to conduct business activities. Therefore, the Group is exposed to liquidity risk where it cannot fulfill its payment obligations at the due date. The Group manages risks by preparing and updating financing plans in a timely manner using a cash management system and based on reports from the Group companies, as well as maintaining a sufficient current cash flow.

In addition, the Group maintains lines of credit with financial institutions to ensure liquidity. Unused lines of credit as of March 31, 2021 and 2020 and April 1, 2019 were ¥65,163 million ($588,592 thousand), ¥62,813 million and ¥62,909 million, respectively.

The balances of financial liabilities (including derivative financial instruments) by maturity date as of March 31, 2021 and 2020 and April 1, 2019 were as follows:

As of March 31, 2021

(Millions of yen)

	Carrying amount	Contractual amount	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
Non-derivative financial liabilities								
Trade and other payables	**¥50,600**	**¥50,600**	**¥50,600**	**¥—**	**¥—**	**¥—**	**¥—**	**¥—**
Borrowings	**17,350**	**17,405**	**3,973**	**421**	**13,011**	**—**	**—**	**—**
Lease liabilities	**24,314**	**29,357**	**5,579**	**3,700**	**2,509**	**2,155**	**1,855**	**13,557**
Other financial liabilities	**¥92,264**	**¥97,363**	**¥60,152**	**¥4,121**	**¥15,520**	**¥2,155**	**¥1,855**	**¥13,557**
Derivative financial liabilities	**214**	**214**	**211**	**3**	**—**	**—**	**—**	**—**
Total	**¥92,479**	**¥97,577**	**¥60,363**	**¥4,124**	**¥15,520**	**¥2,155**	**¥1,855**	**¥13,557**

As of March 31, 2021

(Thousands of U.S. dollars)

	Carrying amount	Contractual amount	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
Non-derivative financial liabilities								
Trade and other payables	**$457,050**	**$457,050**	**$457,050**	**$—**	**$—**	**$—**	**$—**	**$—**
Borrowings	**156,716**	**157,213**	**35,887**	**3,803**	**117,523**	**—**	**—**	**—**
Lease liabilities	**219,619**	**265,170**	**50,393**	**33,421**	**22,663**	**19,465**	**16,755**	**122,455**
Other financial liabilities	**$833,385**	**$879,442**	**$543,329**	**$37,223**	**$140,186**	**$19,465**	**$16,755**	**$122,455**
Derivative financial liabilities	**1,933**	**1,933**	**1,906**	**27**	**—**	**—**	**—**	**—**
Total	**$835,327**	**$881,375**	**$545,235**	**$37,250**	**$140,186**	**$19,465**	**$16,755**	**$122,455**

As of March 31, 2020

(Millions of yen)

	Carrying amount	Contractual amount	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
Non-derivative financial liabilities								
Trade and other payables	¥47,005	¥47,005	¥47,005	¥—	¥—	¥—	¥—	¥—
Borrowings	18,914	18,995	5,337	225	421	13,011	—	—
Lease liabilities	23,771	28,001	5,222	4,175	2,691	1,996	1,737	12,177
Other financial liabilities	¥89,691	¥94,003	¥57,565	¥4,401	¥3,112	¥15,008	¥1,737	¥12,177
Derivative financial liabilities	741	741	620	120	—	—	—	—
Total	¥90,432	¥94,744	¥58,186	¥4,521	¥3,112	¥15,008	¥1,737	¥12,177

As of April 1, 2019

(Millions of yen)

	Carrying amount	Contractual amount	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
Non-derivative financial liabilities								
Trade and other payables	¥45,289	¥45,289	¥45,289	¥—	¥—	¥—	¥—	¥—
Borrowings	17,090	17,197	3,513	25	225	421	13,011	—
Lease liabilities	25,336	29,997	5,094	4,342	3,306	2,240	1,696	13,317
Other financial liabilities	¥87,715	¥92,484	¥53,897	¥4,368	¥3,532	¥2,661	¥14,707	¥13,317
Derivative financial liabilities	371	371	44	269	57	—	—	—
Total	¥88,087	¥92,855	¥53,941	¥4,638	¥3,589	¥2,661	¥14,707	¥13,317

(e) Currency risk

The Group is exposed to currency risk mainly with respect to the U.S. Dollar, Euro and Singapore Dollar due to international business activities. Currency risk arises from the purchase of raw materials, sales transactions such as import and export of goods or the assets and liabilities that have been already recognized. Primarily, the Group entered into foreign exchange forward contracts in order to hedge currency risk. Hedge accounting is applied to the transactions that fulfill the requirements of hedge accounting.

Certain accounts receivable and accounts payable denominated in foreign currencies are exposed to the risk of fluctuations in foreign exchange rates. However, as this risk is offset by foreign exchange forward contracts, the effect is limited.

Currency sensitivity analysis

For the financial instruments held by the Group as of March 31, 2021 and 2020 and April 1, 2019, the effect of a 5% increase in functional currencies to the U.S. Dollar, Euro or Singapore Dollar on profit before taxes, assuming that all other variables remain constant, is shown below.

The effect of the translation of the functional currency-denominated financial instruments and assets and liabilities of a foreign operation into a presentation currency is not included here.

	Currency	**For the years ended March 31,**		
		2021	**2020**	**2021**
		(Millions of yen)		*(Thousands of U.S. dollars)*
Effect on profit before income taxes	U.S. dollar	**¥(56)**	¥87	**$(506)**
	Euro	**(95)**	(131)	**(858)**
	Singapore dollar	**¥12**	¥8	**$108**

(f) Equity price risk

The Group is exposed to price risk for equity instruments that are classified as measured at FVOCI. In order to manage the price risk arising from investments in equity instruments, the Group periodically monitors fair value and the financial condition of issuers, while reviewing its holding status on an ongoing basis.

Equity price sensitivity analysis

In terms of equity instruments (stocks) in active markets held by the Group in each fiscal year, if quoted prices rise 1% across the board as of March 31, 2021 and 2020 and April 1, 2019, the effect on other comprehensive income (before tax) in the consolidated statement of income is as follows:

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Effect on other comprehensive income (before income taxes)	**¥442**	¥432	**$3,992**

(g) Carrying Amount and fair value of financial instruments

The carrying amount and fair value of financial instruments as of March 31, 2021 and 2020 and April 1, 2019 were as follows.

The fair value of the financial assets and liabilities measured at amortized cost other than long-term loans is not included, as the carrying amount approximates the fair value.
For the financial instruments measured at fair value on a recurring basis, the fair value is not included, either, as the carrying amount approximates the fair value.

	March 31,				April 1,		March 31,	
	2021		**2020**		**2019**		**2021**	
	(Millions of yen)						*(Thousands of U.S. dollars)*	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowings *(Note)*	**¥13,602**	**¥13,610**	¥13,602	¥13,615	¥13,602	¥13,654	**$122,862**	**$122,934**

(Note)
The balance above includes long-term borrowings due within 1 year.

The fair value of long-term loans is measured by discounting the total principal and interest payable to the present value using an interest rate equal to the rate that would be applied to a similar new loan.

The fair value hierarchy of the long-term loans is classified as Level 2.

(h) Fair value hierarchy of financial instruments

The fair value hierarchy of the financial instruments measured at fair value on a recurring basis after initial recognition is classified into the below three levels based on the observability and significance of the inputs used for measurement.

Level 1: Fair value measured at market prices in active markets for identical assets or liabilities
Level 2: Fair value measured using directly or indirectly observable inputs other than those included in Level 1
Level 3: Fair value measured using material unobservable inputs

If fair value is measured using multiple inputs, the Group determines the level of fair value based on the lowest level input that is significant to the entire measurement of the fair value.

The Group recognized transfers between levels of the fair value hierarchy at the date an event or a change in circumstances occurred.

There were no transfers between Level 1 and Level 2 in the years ended March 31, 2021 and 2020.

Financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2021 and 2020 and April 1, 2019 were as follows

As of March 31, 2021

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Stocks	**¥44,238**	**¥—**	**¥9,256**	**¥53,495**
Other	**—**	**525**	**6,773**	**7,299**
Derivative assets	**—**	**2,760**	**—**	**2,760**
Total	**¥44,238**	**¥3,285**	**¥16,030**	**¥63,554**
Financial liabilities				
Derivative liabilities	**—**	**214**	**—**	**214**
Total	**¥—**	**¥214**	**¥—**	**¥214**

As of March 31, 2021

(Thousands of U.S. dollars)

	Level 1	Level 2	Level 3	Total
Financial assets				
Stocks	**$399,585**	**$—**	**$83,606**	**$483,199**
Other	**—**	**4,742**	**61,178**	**65,929**
Derivative assets	**—**	**24,930**	**—**	**24,930**
Total	**$399,585**	**$29,672**	**$144,793**	**$574,058**
Financial liabilities				
Derivative liabilities	**—**	**1,933**	**—**	**1,933**
Total	**$—**	**$1,933**	**$—**	**$1,933**

As of March 31, 2020

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Stocks	¥43,261	¥—	¥7,997	¥51,259
Other	—	327	5,450	5,777
Derivative assets	—	1,821	—	1,821
Total	¥43,261	¥2,149	¥13,448	¥58,859
Financial liabilities				
Derivative liabilities	—	741	—	741
Total	¥—	¥741	¥—	¥741

As of April 1, 2019

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Stocks	¥47,416	¥—	¥5,918	¥53,334
Other	—	362	5,015	5,377
Derivative assets	—	1,626	—	1,626
Total	¥47,416	¥1,989	¥10,933	¥60,339
Financial liabilities				
Derivative liabilities	—	371	—	371
Total	¥—	¥371	¥—	¥371

The fair value of listed stocks traded in active markets was classified as Level 1, as it was measured based on the market prices as of the end of the fiscal year. The fair value of unlisted stocks whose markets are not active was primarily measured using the valuation model based on net assets (the method of calculating a corporate value based on net assets of an issuer of stocks). These unlisted stocks were classified as Level 3.

The assets classified into others were principally the funds to the investment business limited partnership. The fair value of these funds to the investment business limited partnership was classified as Level 3, as the fair value is calculated based on the most recent available value of net assets.

The fair value of derivative assets and liabilities was classified as Level 2, as it was measured at value that counterparty banks calculated based on market data including exchange rates.

The accounting department determines the valuation method for the financial instruments to be classified as Level 3 and measures the fair value of them in accordance with the valuation policy and procedures stipulated by the Group.
Results of fair value measurement were approved by appropriate personnel in charge.

The changes in financial instruments classified as Level 3 measured at fair value on a recurring basis as of March 31, 2021 and 2020 and April 1, 2019 were as follows:

	For the years ended March 31,		
	2021	**2020**	**2021**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Beginning balance	**¥13,448**	¥10,933	**$121,471**
Total gain or loss			
Profit or loss *(Note 1)*	**671**	627	**6,061**
Other comprehensive income *(Note 2)*	**827**	(578)	**7,470**
Purchase	**1,937**	3,714	**17,496**
Sale	**(24)**	(2)	**(217)**
Other	**(829)**	(1,246)	**(7,488)**
Ending balance	**¥16,030**	¥13,448	**$144,793**

(Note 1)
The amount relates to the financial assets measured at FVTPL and is included in finance income or finance costs. The amount represents unrealized gain or loss on financial instruments held as of March 31, 2021 and 2020.

(Note 2)
The amount relates to financial assets measured at FVOCI and is included in net changes in the fair value of financial assets measured through other comprehensive income.

(i) Derivatives and hedging

As for derivatives, the Group entered into foreign exchange forward contracts in order to hedge currency risks that arise from foreign currency-denominated accounts receivable and payable as well as forecasted transactions. Execution and management of derivative transactions are in accordance with internal rules that stipulate trading authority. The Group determined the economic relationship between hedging instruments and hedged items based on the amount and timing of related cash flows. For the hedge relationship to which the Group currently applies hedge accounting, material terms and conditions related to the hedging instrument and hedged item are the same.

(1) Effect of the hedging instruments of cash flow hedges on the consolidated statements of financial position

The effect of the hedging instruments designated as cash flow hedges on the Group's consolidated statement of financial position as of the transition date and the end of each fiscal year is as follows.

As the amount of hedge ineffectiveness that has been recognized in profit or loss was not material, changes in the fair value of the hedging instruments used as the basis for recognizing hedge ineffectiveness are not presented below:

As of March 31, 2021

(Millions of yen)

	Contract amount			Carrying amount (Fair value)		Average rate (Yen)
	Within 1 year	More than 1 year	Total	Asset	Liability	
Foreign exchange forward contracts	**¥1,600**	**¥—**	**¥1,600**	**¥35**	**¥0**	108.15/U.S. dollar 125.31 /Euro

As of March 31, 2021

(Thousands of U.S. dollars)

	Contract amount			Carrying amount (Fair value)		Average rate (Yen)
	Within 1 year	More than 1 year	Total	Asset	Liability	
Foreign exchange forward contracts	**$14,452**	**$—**	**$14,452**	**$316**	**$0**	108.15 /U.S. dollar 125.31 /Euro

As of March 31, 2020

(Millions of yen)

	Contract amount			Carrying amount (Fair value)		Average rate (Yen)
	Within 1 year	More than 1 year	Total	Asset	Liability	
Foreign exchange forward contracts	¥3,489	¥—	¥3,489	¥23	¥22	108.24/U.S. dollar 119.68/Euro

As of March 31, 2019

(Millions of yen)

	Contract amount			Carrying amount (Fair value)		Average rate (Yen)
	Within 1 year	More than 1 year	Total	Asset	Liability	
Foreign exchange forward contracts	¥2,913	¥—	¥2,913	¥2	¥7	109.91/U.S. dollar 126.56/Euro

In the consolidated statement of financial position, the fair value of assets related to hedging instruments is included in "Other financial assets (current assets)", and the fair value of liabilities related to hedging instruments is included in "Other financial liabilities (current liabilities) ."

The other components of equity resulting from cash flow hedges for the hedging instruments as of March 31, 2021 and 2020 and April 1, 2019 were as follows:

	March 31,		**April 1,**	**March 31,**
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Foreign exchange forward contracts	**¥23**	¥0	¥(4)	**$208**
Total	**¥23**	¥0	¥(4)	**$208**

(2) Effect of hedging instruments designated as cash flow hedges on the consolidated statements of profit or loss and consolidated statements of comprehensive income

The effect of hedging instruments designated as cash flow hedges on the consolidated statements of profit or loss and consolidated statements of comprehensive income for each year is as follows:

For the year ended March 31, 2021

(Millions of yen)

	Gain (loss) recognized in other comprehensive income *(Note)*	Reclassification adjustments *(Note)*	Main account titles of reclassification adjustments in the consolidated statements of profit or loss
Foreign exchange forward contracts	**¥(21)**	**¥3**	Finance income/ Finance costs
Total	**¥(21)**	**¥3**	

(Note)
The amounts are before taking into account tax effects.

For the year ended March 31, 2021

(Thousands of U.S. dollars)

	Gain (loss) recognized in other comprehensive income *(Note)*	Reclassification adjustments *(Note)*	Main account titles of reclassification adjustments in the consolidated statements of profit or loss
Foreign exchange forward contracts	**$(190)**	**$27**	Finance income/ Finance costs
Total	**$(190)**	**$27**	

(Note)
The amounts are before taking into account tax effects.

For the year ended March 31, 2020

(Millions of yen)

	Gain (loss) recognized in other comprehensive income *(Note)*	Reclassification adjustments *(Note)*	Main account titles of reclassification adjustments in the consolidated statements of profit or loss
Foreign exchange forward contracts	¥6	¥(9)	Finance income/ Finance costs
Total	¥6	¥(9)	

(Note)
The amounts are before taking into account tax effects.

The changes in the value of the hedged items used as the basis for recognizing the ineffective portion of hedges approximated the changes in the fair value of the hedging instruments for the years ended March 31, 2021 and 2020. The amount of the ineffective portion of the hedges recognized in net income was not material.

35. Related Party Transactions

(a) Transactions with key management personnel

The remuneration to the Company's directors and corporate auditors for the years ended March 31, 2021 and 2020 were as follows:

	For the year ended March 31,		
	2021	2020	2021
	(Millions of yen)		*(Thousands of U.S. dollars)*
Remuneration and bonuses	**¥495**	¥496	**$4,471**

(b) Transactions with related parties

Transactions with related parties during the years ended March 31, 2021 and 2020 were as follows:

For the year ended March 31, 2021

(Millions of yen)

Relationship	Name of company or personnel	Detail of transaction	Amount of transaction	Items in financial statements	Unsettled amount
President & CEO of the Company	Noriaki Horikiri	Land lease	**¥11**	Lease liabilities	**¥215**

The transaction details including rents are determined in reference to the rents for neighboring land.
The transaction amounts and outstanding balances do not include consumption taxes.

For the year ended March 31, 2021

(Thousands of U.S. dollars)

Relationship	Name of company or personnel	Detail of transaction	Amount of transaction	Items in financial statements	Unsettled amount
President & CEO of the Company	Noriaki Horikiri	Land lease	**$99**	Lease liabilities	**$1,942**

The transaction details including rents are determined in reference to the rents for neighboring land.
The transaction amounts and outstanding balances do not include consumption taxes.

For the year ended March 31, 2020

(Millions of yen)

Relationship	Name of company or personnel	Detail of transaction	Amount of transaction	Items in financial statements	Unsettled amount
President & CEO of the Company	Noriaki Horikiri	Land lease	¥11	Lease liabilities	¥224

The transaction details including rents are determined in reference to the rents for neighboring land.

The amounts of transactions and outstanding balances do not include consumption taxes.

36. Subsidiaries

The details of major subsidiaries as of March 31, 2021 and 2020 and April 1, 2019 were as follows:

Consolidated subsidiaries

Entity name	Location	Share capital (or investment)	Major business	Share of voting rights (%)	Description of relationship			
					Number of executives who have dual responsibilities	Financial support	Business transaction	Leasing of facilities
KIKKOMAN FOOD PRODUCTS COMPANY	Noda, Chiba	¥5,000 million	Domestic Foods—Manufacturing and Sales	100.00	4	Loan for capital expenditure *1	The Company sells the subsidiary's products.	The Company leases part of its office building to the subsidiary
KIKKOMAN BEVERAGE COMPANY	Noda, Chiba	¥100 million	Domestic Foods—Manufacturing and Sales	100.00	5	*1	N/A	The Company leases part of its office building to the subsidiary
KIKKOMAN BUSINESS SERVICE COMPANY	Noda, Chiba	¥100 million	Provision of indirect services	100.00	4	*1	N/A	The Company leases part of its office building to the subsidiary
KIKKOMAN BIOCHEMIFA COMPANY	Noda, Chiba	¥100 million	Production and sales of pharmaceuticals, enzymes, chemicals etc.	100.00	5	*1	N/A	The Company leases part of its office building to the subsidiary
NIPPON DEL MONTE CORPORATION	Numata, Gunma	¥10 million	Domestic Foods—Manufacturing and Sales	100.00	4	*1	N/A	The Company leases part of its office building to the subsidiary
MANNS WINE CO., LTD.	Minato, Tokyo	¥900 million	Domestic Foods—Manufacturing and Sales	100.00	2	*1	N/A	The Company leases part of its office building to the subsidiary
JFC JAPAN INC.	Chuo, Tokyo	¥228 million	Overseas Foods—Wholesale	100.00 (25.98)	5	*1	The subsidiary sells the Company's products.	N/A
KIKKOMAN FOOD TECH COMPANY	Noda, Chiba	¥10 million	Domestic Foods—Manufacturing and Sales	100.00	2	*1	N/A	N/A

Entity name	Location	Share capital (or investment)	Major business	Share of voting rights (%)	Description of relationship			
					Number of executives who have dual responsibilities	Financial support	Business transaction	Leasing of facilities
HOKKAIDO KIKKOMAN COMPANY	Chitose, Hokkaido	¥350 million	Domestic Foods–Manufacturing and Sales	100.00	1	*1	N/A	N/A
NAGAREYAMA KIKKOMAN COMPANY	Nagareyama,Chiba	¥300 million	Domestic Foods–Manufacturing and Sales	100.00	1	*1	N/A	N/A
SAITAMA KIKKOMAN COMPANY	Kuki, Saitama	¥10 million	Domestic Foods–Manufacturing and Sales	100.00	1	*1	N/A	The Company leases part of its facilities and office building to the subsidiary.
TERRA VERT CORPORATION	Minato, Tokyo	¥350 million	Domestic Foods–Manufacturing and Sales	100.00	4	*1	N/A	N/A
TAKARA SHOYU CO., LTD.	Chuo, Tokyo	¥100 million	Domestic Foods–Manufacturing and Sales	56.12	1	*1	N/A	The Company leases part of its parking space to the subsidiary.
KIKKOMAN SOYFOODS COMPANY	Minato, Tokyo	¥3,585 million	Domestic Foods–Manufacturing and Sales	100.00	7	*1	The Company sells the subsidiary's products.	N/A
NIPPON DEL MONTE AGRI COMPANY	Minato, Tokyo	¥10 million	Domestic Foods–Manufacturing and Sales	100.00	3	*1	N/A	The Company leases part of its office building to the subsidiary.
SOBU LOGISTICS CO., LTD.	Noda, Chiba	¥60 million	Logistics	100.00	2	*1	The subsidiary stores and transports the Company's products.	The Company leases a part of its warehouse to the subsidiary.
SOBU SERVICE CENTER CO., LTD.	Noda, Chiba	¥13 million	Contract manufacturing and outsourcing services	100.00	1	*1	N/A	N/A

Entity name	Location	Share capital (or investment)	Major business	Share of voting rights (%)	Description of relationship			
					Number of executives who have dual responsibility	Financial support	Business transaction	Leasing of facilities
KIKKOMAN FOODS, INC. (KFI)	Wisconsin, U.S.A.	US$6,000 thousand	Overseas Foods—Manufacturing and Sales	100.00	6	*1, *2	The Company sells the subsidiary's products.	N/A
KIKKOMAN SALES USA, INC. (KSU)	California, U.S.A.	US$400 thousand	Overseas Foods—Manufacturing and Sales	100.00	3	*1, *2	The subsidiary sells the Company's products.	N/A
JFC INTER-NATIONAL INC. (JFC)	California, U.S.A.	US$1,760 thousand	Overseas Foods—Wholesale	100.00	3	*1	The subsidiary sells the Company's products.	N/A
JFC INTERNATION-AL (CANADA) INC. (JFCI)	Ontario, Canada	CAD4,535 thousand	Overseas Foods—Wholesale	100.00 (70.00)	2	N/A	N/A	N/A
KI NUTRICARE, INC. (KIN)	New York, U.S.A.	US$49,692 thousand	Overseas Foods—Manufacturing and Sales	100.00	2	N/A	N/A	N/A
COUNTRY LIFE, LLC (CLL)	New York, U.S.A.	–	Overseas Foods—Manufacturing and Sales	100.00 (100.00)	2	*1	N/A	N/A
KIKKOMAN FOODS EUROPE B.V. (KFE)	Sappemeer, Netherlands	EUR12,705 thousand	Overseas Foods—Manufacturing and Sales	100.00	3	*1, *2	The Company sells the subsidiary's products.	N/A
KIKKOMAN TRADING EUROPE GmbH (KTE)	Düsseldorf, Germany	EUR255 thousand	Overseas Foods—Manufacturing and Sales	100.00 (5.00)	2	*1, *2	The subsidiary sells the Company's products.	N/A
JFC INTER-NATIONAL (EUROPE) GmbH (JFCEU)	Düsseldorf, Germany	EUR1,500 thousand	Overseas Foods—Wholesale	100.00 (13.65)	4	*1	N/A	N/A
KIKKOMAN (S) PTE. LTD. (KSP)	Senoko, Singapore	SGD7,500 thousand	Overseas Foods—Manufacturing and Sales	100.00	4	*1, *2	The Company sells the subsidiary's products.	N/A
KIKKOMAN TRADING ASIA PTE LTD (KTA)	North Bridge, Singapore	SGD500 thousand	Overseas Foods—Manufacturing and Sales	100.00	3	*1	The subsidiary sells the Company's products.	N/A

Entity name	Location	Share capital (or investment)	Major business	Share of voting rights (%)	Description of relationship			
					Number of executives who have dual responsibility	Financial support	Business transaction	Leasing of facilities
PT. KIKKOMAN AKUFOOD INDONESIA (KAID)	Bekasi, Indonesia	IDR10,000 million	Overseas Foods—Manufacturing and Sales	70.00	2	N/A	N/A	N/A
DEL MONTE ASIA PTE LTD (DMA)	North Bridge, Singapore	US$240 thousand	Overseas Foods—Manufacturing and Sales	100.00	3	*2	N/A	N/A
SIAM DEL MONTE COMPANY LIMITED (SDM)	Bangkok, Thailand	THB850,800 thousand	Overseas Foods—Manufacturing and Sales	95.61 (95.61)	2	N/A	N/A	N/A
KIKKOMAN AUSTRALIA PTY. LIMITED (KAP)	North Sydney, Australia	AUD500 thousand	Overseas Foods—Manufacturing and Sales	100.00	3	N/A	The subsidiary sells the Company's products.	N/A
JFC HONG KONG LIMITED (JFCHK)	Tsuen Wan, Hong Kong	HKD600 thousand	Overseas Foods—Wholesale	100.00 (70.00)	2	N/A	The subsidiary sells the Company's products.	N/A
JFC AUSTRALIA CO PTY LTD. (JFCAUST)	Lane Cove, Australia	AUD250 thousand	Overseas Foods—Wholesale	100.00 (75.00)	2	N/A	N/A	N/A
JFC (S) PTE. LTD. (JFCSG)	Toh Guan, Singapore	SGD7,200 thousand	Overseas Foods—Wholesale	100.00 (60.00)	2	*1	N/A	N/A
KIKKOMAN SHANGHAI TRADING CO., LTD. (KST)	Shanghai, China	CNY3,000 thousand	Overseas Foods—Manufacturing and Sales	100.00	4	N/A	The subsidiary sells the Company's products.	N/A
KUNSHAN PRESIDENT KIKKOMAN BIOTECHNOLOGY CO., LTD. (KPKI)	Kunshan, Jiangsu, China	CNY 91,056 thousand	Overseas Foods—Manufacturing and Sales	50.00	6	N/A	N/A	N/A
PRESIDENT KIKKOMAN ZHENJI FOODS CO., LTD. (PKZ)	Shijiazhuang, Hebei, China	CNY 300,000 thousand	Overseas Foods—Manufacturing and Sales	50.00	5	N/A	N/A	N/A
PRESIDENT KIKKOMAN INC. (PKI)	Tainan, Taiwan	TWD120,000 thousand	Overseas Foods—Manufacturing and Sales	50.00	5	N/A	N/A	N/A
Other 21 entities	—	—	—	—	—	—	—	—

(Note)
1. The names of segments are listed in the "Major business" column.
2. The percentage in parentheses for “Share of voting rights” indicates the percentage of indirect ownership.
3. The companies marked with *1 in “Financial support” have introduced cash management systems to improve the efficiency of cash management and loan funds to and from the Company.
4. The companies marked with *2 in “Financial support” provide loans to the Company to improve the efficiency of cash management.
5. Other 21 entities are all small-sized consolidated subsidiaries including the following:

Subsidiaries of:

JFC JAPAN INC.	2
JFC INTERNATIONAL INC.	4
KI NUTRICARE, INC.	2
COUNTRY LIFE, LLC	1
JFC INTERNATIONAL (EUROPE) GmbH	7
KIKKOMAN TRADING ASIA PTE LTD.	3
DEL MONTE ASIA PTE LTD.	2

37. Commitments

The Group's commitments to purchasing assets outstanding as of March 31, 2021 and 2020 and April 1, 2019 were as follows:

	March 31,		**April 1,**	**March 31,**
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Property, plant and equipment	**¥3,122**	¥1,856	¥5,881	**$28,200**
Intangible assets	**¥48**	¥4	¥55	**$434**

38. Contingencies

(a) Financial guarantees

The Group guarantees the borrowings of its business counterparties from financial institutions. The balance of guarantee obligations at the transition date and as of March 31, 2021 and 2020 and April 1, 2019 were as follows:

	March 31,		**April 1,**	**March 31,**
	2021	**2020**	**2019**	**2021**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Business counterparties	**¥185**	¥96	¥56	**$1,671**
Total	**¥185**	¥96	¥56	**$1,671**

(b) Legal proceedings

Not applicable.

39. Subsequent Events

Share repurchase

At a meeting of the Board of Directors held on April 27, 2021, the Company passed a resolution on matters related to the repurchase of its common stocks in accordance with the provisions of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165-3 of the Companies Act.

(a) Reason for the share repurchase

To implement a flexible capital management policy in response to changes in the business environment.

(b) Details of the share repurchase

(1) Class of shares to be repurchased: common stock of the Company

(2) Total number of shares that may be purchased under the program (maximum):
2.2 million shares (percentage the total number of issued shares (excluding treasury stocks): 1.15%)

(3) Amount of shares that may be purchased under the program:
¥10,000 million (maximum)

(4) Period of the share repurchase program: from May 6, 2021 to March 31, 2022

(5) Method of the share repurchase: open market transactions on the Tokyo Stock Exchange

40. First-time Adoption of IFRS

The Group has adopted IFRS from the year ended March 31, 2021. The most recent consolidated financial statements prepared in accordance with Japanese GAAP are the financial statements for the year ended March 31, 2020, and the date of transition to IFRS is April 1, 2019.

In principle, IFRS 1 requires an entity that adopts IFRS for the first time to apply IFRS standards retrospectively. However, there are exceptions that allow a first-time adopter to voluntarily choose to apply certain standards retrospectively and prohibit retrospective application of IFRS in some areas.

The Group has elected to apply the following exemptions from retrospective application specified in IFRS 1.

・Business Combinations
The Group has elected not to apply IFRS 3 "Business Combinations," retrospectively to business combinations that occurred before the date of transition. As a result, the amount of goodwill arising from business combinations prior to the date of transition is determined based on the carrying amount in accordance with Japanese GAAP. An impairment test of the goodwill was performed as of the date of transition regardless of whether there was an indication of impairment.

・Translation differences for foreign operations
Under IFRS 1, a first-time adopter may elect to deem the cumulative translation differences for foreign operations to be zero at the date of transition to IFRS. The Group has elected to apply this exemption and the cumulative translation differences for foreign operations are deemed to be zero at the date of transition.

・Leases
Under IFRS 1, a first-time adopter may assess whether the contract existing at the date of transition to IFRS contains a lease. The Group has applied this exemption and assessed whether a contract contains a lease on the basis of facts and circumstances existing at the date of transition.

・Designation of previously recognized financial instruments
Under IFRS 1, a first-time adopter may determine the classification of financial instruments under IFRS 9 "Financial Instruments," (hereinafter "IFRS 9") on the basis of facts and circumstances at the date of transition, not on the basis of facts and circumstances existing at the time financial instruments are initially recognized. A first-time adopter may also designate changes in fair value of equity instruments as financial assets measured through other comprehensive income on the basis of facts and circumstances existing at the date of transition.

・Borrowing costs
IFRS 1 permits the commencement date of capitalization of borrowing costs on qualifying assets to be the date of transition to IFRS. The Group has applied this exemption.

Exceptions to the retrospective application of other IFRS standards

IFRS 1 prohibits retrospective application of some aspects of other IFRS standards, such as "Estimates," "Derecognition of financial assets and financial liabilities," "Hedge accounting," "Non-controlling interests," "Classification and measurement of financial assets" and "Impairment of financial assets."

The Group has applied those IFRS standards prospectively from the date of transition.

Reconciliations to be disclosed for the first-time adoption of IFRS are as follows.
Also, items that do not affect retained earnings and comprehensive income are included in "Reclassification" and items that affect retained earnings and comprehensive income are included in "Differences in recognition and measurement" of the reconciliations.

Adjustments to equity as of April 1, 2019 (transition date)

(Millions of yen)

Japanese GAAP	Japanese GAAP amount	Reclassification adjustments	Differences in recognition and measurement	IFRS	Notes	IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	¥30,162	¥(3,006)	¥97	¥27,253	(1)	Cash and cash equivalents
Notes and accounts receivable-trade	60,719	1,079	(97)	61,700	(2)	Trade and other receivables
Merchandise and finished goods	42,513	(42,513)	—	—		
Work in process	10,997	(10,997)	—	—		
Raw materials and supplies	5,330	(5,330)	—	—		
	—	58,841	381	59,222	(3)	Inventories
	—	3,998	—	3,998	(1)(4)	Other financial assets
Other	7,512	(3,208)	377	4,681	(2)(4)	Other current assets
Allowance for doubtful accounts	(717)	717	—	—	(2)	
Total current assets	156,518	(421)	759	156,856		Total current assets
Fixed assets						Non-current assets
Tangible fixed assets	123,390	(9,583)	999	114,806	(5)(6)(i)	Property, plant and equipment
	—	9,583	—	9,583	(5)	Investment properties
	—	400	23,534	23,934	(6)(ii)	Right-of-use assets
Intangible fixed assets						
Goodwill	4,969	—	24	4,993		Goodwill
Other assets	5,339	—	(58)	5,280		Intangible assets
	—	3,118	—	3,118	(7)	Investments in associates accounted for using the equity method
Investments and other assets						
Investment securities	59,207	(59,207)	—	—	(4)(7)	
Long-term loans receivable	1,491	(1,491)	—	—	(4)	
	—	60,119	2,219	62,338	(4)(iii)	Other financial assets
Retirement benefit related assets	5,936	—	(200)	5,736		Employee defined benefit assets
Deferred tax assets	3,053	4	289	3,347		Deferred tax assets
Other assets	3,940	(3,831)	141	250	(4)	Other non-current assets
Allowance for doubtful accounts	(1,726)	1,726	—	—	(4)	
Total fixed assets	205,601	839	26,949	233,389		Total non-current assets
Total assets	¥362,119	¥418	¥27,708	¥390,245		Total assets

(Millions of yen)

Japanese GAAP	Japanese GAAP amount	Reclassification adjustments	Differences in recognition and measurement	IFRS	Notes	IFRS
Liabilities						Liabilities
Current liabilities						Current liabilities
Notes and accounts payable-trade	¥22,383	¥21,733	¥1,173	¥45,289	(8) (iv)	Trade and other payables
Short-term loans payable	3,487	—	—	3,487		Short-term borrowings and current portion of long-term borrowings
Lease obligations	50	—	4,408	4,458	(ii)	Short-term lease liabilities
Accounts payable-other	18,872	(18,872)	—	–	(8)	
Income taxes payable	3,230	(24)	—	3,206		Income tax payable
	—	455	—	455	(4)	Other financial liabilities
Allowance for bonuses	2,592	(2,592)	—	—	(9)	
Allowance for directors' bonuses	125	(125)	—	—	(9)	
Other liabilities	5,497	(483)	2,705	7,720	(4) (8) (9) (v)	Other current liabilities
Total current liabilities	56,240	91	8,286	64,617		Total current liabilities
Fixed liabilities						Non-current liabilities
Long-term debt	13,602	—	–	13,602		Long-term borrowings
Lease obligations	90	—	20,788	20,877	(ii)	Long-term lease liabilities
Deferred tax liabilities	7,934	—	87	8,020		Deferred tax liabilities
Allowance for directors' retirement benefits	711	(711)	—	—		
Allowance for environmental measures	31	(31)	—	—		
Liabilities for retirement benefits	5,511	711	556	6,778		Employee defined benefit liabilities
	—	5,762	—	5,762	(4)	Other financial liabilities
Other liabilities	7,546	(5,404)	(851)	1,290	(4) (ii)	Other non-current liabilities
Total long-term liabilities	35,427	327	20,578	56,332		Total non-current liabilities
Total liabilities	91,667	418	28,865	120,950		Total liabilities
Net assets						Equity
Capital stock	11,599	—	—	11,599		Share capital
Capital surplus	13,695	—	—	13,695		Capital surplus
Retained earnings	225,835	—	(2,232)	223,602	(vii)	Retained earnings
Treasury stock	(3,631)	—	–	(3,631)		Treasury stock
Accumulated other comprehensive income (loss)	17,930	—	1,111	19,042	(iii) (vi)	Other components of equity
				264,308		Total equity attributable to owners of the parent
Non-controlling interests	5,022	—	(36)	4,986		Non-controlling interests
Total net assets	270,451	—	(1,157)	269,295		Total equity
Total liabilities and net assets	¥362,119	¥418	¥27,708	¥390,245		Total liabilities and equity

Adjustments to equity as of April 1, 2020

(Millions of yen)

Japanese GAAP	Japanese GAAP amount	Reclassification adjustments	Differences in recognition and measurement	IFRS	Notes	IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	¥30,088	¥(1,985)	¥—	¥28,103	(1)	Cash and cash equivalents
Notes and accounts receivable-trade	61,145	363	99	61,608	(2)	Trade and other receivables
Merchandise and finished goods	43,255	(43,255)	—	—		
Work in process	11,798	(11,798)	—	—		
Raw materials and supplies	5,901	(5,901)	—	—		
	—	60,955	0	60,956	(3)	Inventories
	—	3,096	—	3,096	(1)(4)	Other financial assets
Other	8,543	(2,893)	300	5,949	(2)(4)	Other current assets
Allowance for doubtful accounts	(1,192)	1,192	—	—	(2)	
Total current assets	159,540	(226)	400	159,714		Total current assets
Fixed assets						Non-current assets
Tangible fixed assets	149,067	(25,375)	1,497	125,189	(5)(6)(i)	Property, plant and equipment
	—	9,467	—	9,467	(5)	Investment properties
	—	15,824	6,285	22,110	(6)(ii)	Right-of-use assets
Intangible fixed assets						
Goodwill	4,164	—	683	4,847		Goodwill
Other assets	5,004	—	(58)	4,946		Intangible assets
	—	3,043	—	3,043	(7)	Investments in associates accounted for using the equity method
Investments and other assets						
Investment securities	57,672	(57,672)	—	—	(4)(7)	
Long-term loans receivable	1,881	(1,881)	—	—	(4)	
	—	59,013	2,045	61,059	(4)(iii)	Other financial assets
Retirement benefit related assets	4,934	—	(58)	4,875		Employee defined benefit assets
Deferred tax assets	3,416	12	(225)	3,204		Deferred tax assets
Other assets	3,799	(3,711)	151	240	(4)	Other non-current assets
Allowance for doubtful accounts	(2,153)	2,153	—	—	(4)	
Total fixed assets	227,788	873	10,320	238,983		Total non-current assets
Total assets	¥387,329	¥647	¥10,721	¥398,698		Total assets

(Millions of yen)

Japanese GAAP	Japanese GAAP amount	Reclassification adjustments	Differences in recognition and measurement	IFRS	Notes	IFRS
Liabilities						Liabilities
Current liabilities						Current liabilities
Notes and accounts payable-trade	¥23,414	¥22,411	¥1,180	¥47,005	(8) (iv)	Trade and other payables
Short-term loans payable	5,311	—	—	5,311		Short-term borrowings and current portion of long-term borrowings
Lease obligations	2,437	—	2,184	4,621	(ii)	Short-term lease liabilities
Accounts payable-other	19,249	(19,249)	—	—	(8)	
Income taxes payable	3,297	(26)	—	3,271		Income tax payable
	—	894	3	897	(4)	Other financial liabilities
Allowance for bonuses	2,662	(2,662)	—	—	(9)	
Allowance for directors' bonuses	129	(129)	—	—	(9)	
Other liabilities	5,288	(626)	2,346	7,009	(4) (8) (9) (v)	Other current liabilities
Total current liabilities	61,791	611	5,715	68,117		Total current liabilities
Fixed liabilities						Non-current liabilities
Long-term debt	13,602	—	—	13,602		Long-term borrowings
Lease obligations	13,997	—	5,151	19,149	(ii)	Long-term lease liabilities
Deferred tax liabilities	6,847	—	(336)	6,511		Deferred tax liabilities
Allowance for directors' retirement benefits	732	(732)	—	—		
Allowance for environmental measures	31	(31)	—	—		
Liabilities for retirement benefits	7,243	732	404	8,380		Employee defined benefit liabilities
	—	4,149	—	4,149	(4)	Other financial liabilities
Other liabilities	5,326	(4,081)	—	1,244	(4) (ii)	Other non-current liabilities
Total long-term liabilities	47,780	36	5,220	53,037		Total non-current liabilities
Total liabilities	109,571	647	10,935	121,155		Total liabilities
Net assets						Equity
Capital stock	11,599	—	—	11,599		Share capital
Capital surplus	13,695	—	—	13,695		Capital surplus
Retained earnings	244,044	—	(3,397)	240,646	(vii)	Retained earnings
Treasury stock	(3,641)	—	—	(3,641)		Treasury stock
Accumulated other comprehensive income (loss)	6,736	—	3,221	9,958	(iii) (vi)	Other components of equity
				272,258		Equity attributable to owners of the parent
Non-controlling interests	5,322	—	(37)	5,285		Non-controlling interests
Total net assets	277,757	—	(214)	277,543		Total equity
Total liabilities and net assets	¥387,329	¥647	¥10,721	¥398,698		Total liabilities and equity

Notes to Reconciliation of Equity

Reconciliations between Japanese GAAP and IFRS are primarily attributable to the following factors:

(a) Reclassification adjustments

The main elements of reclassification are as follows:

(1) Cash and cash equivalents

Time deposits with maturities of more than 3 months included in “Cash and deposits” under Japanese GAAP are reclassified to “Other financial assets (current)” under IFRS.

(2) Trade and other receivables

“Trade notes and accounts receivable,” “Allowance for doubtful receivables” and receivables included in “Others” of current assets, which were separately presented under Japanese GAAP, are reclassified and presented as “Trade and other receivables” under IFRS.

(3) Inventories

“Merchandise and finished goods,” “Work in process” and “Raw materials and supplies,” which were separately presented under Japanese GAAP, are presented as “Inventories” under IFRS.

(4) Other financial assets and other financial liabilities

“Other financial assets” and “Other financial liabilities” are separately presented based on the presentation requirements under IFRS

Derivative assets included in “Others” of current assets under Japanese GAAP are reclassified and presented as “Other financial assets” under IFRS.

“Investment securities,” “Long-term loans,” “Allowance for doubtful receivables” and payment for lease and guarantee deposits included in “Others” of “Investments and other assets,” which were separately presented in “Property, plant and equipment” under Japanese GAAP, are reclassified and presented as “Other financial assets” under IFRS.

Deposits received included in “Others” of current liabilities under Japanese GAAP are reclassified and presented as “Other financial liabilities” under IFRS.

Customer deposits and guarantee deposits received, which were included in “Others” of non-current liabilities under Japanese GAAP, are reclassified and presented as “Other financial liabilities" under IFRS.

(5) Investment properties

"Property, plant and equipment" is reclassified and presented as "Investment properties" based on the presentation requirements under IFRS.

(6) Right-of-use assets

"Right-of-use assets" included in "Property, plant and equipment" under Japanese GAAP are separately presented under IFRS.

(7) Investments in associates accounted for using the equity method

"Investments in associates accounted for using the equity method" included in "Investment securities" under Japanese GAAP are separately presented under IFRS.

(8) Trade and other payables

"Trade notes and accounts payable," "Other accounts payable" and accrued expenses included in "Others" of current liabilities, which were separately presented under Japanese GAAP, are reclassified and presented as "Trade and other payables" under IFRS.

(9) Other current liabilities

"Provision for employees' bonuses" and "Provision for directors' bonuses," which were separately presented as current liabilities under Japanese GAAP, are reclassified and presented as "Other current liabilities" under IFRS.

(b) Differences in recognition and measurement

(i) Property, plant and equipment

Under IFRS, property, plant and equipment has increased due to the capitalization of real estate acquisition taxes, which had been expensed under Japanese GAAP. In addition, the residual values of property, plant and equipment have been reviewed upon the adoption of IFRS.

(ii) Right-of-use assets and lease liabilities

Under Japanese GAAP, leases by lessees are classified as either finance leases or operating leases, and operating leases are accounted for using a method equivalent to the method used for ordinary rental transactions. Under IFRS, leases by lessees are not classified as either finance leases or operating lease but both "right-of-use assets" and "lease liabilities" are recognized for lease transactions.

In addition, long-term accrued rental expenses, which were included in "Other" under long-term liabilities in Japanese GAAP, have been derecognized.

(iii) Other financial assets

Under Japanese GAAP, unlisted equity securities were recognized based on their cost of acquisition, and, if necessary, impairment losses were recognized based on the deterioration in the financial position of the issuing company.

Under IFRS, such unlisted equity securities are designated as financial assets measured at fair value through other comprehensive income, and the changes in fair value are recognized in other comprehensive income.

(iv) Trade and other payables

Under Japanese GAAP, levies such as property taxes were recognized based on notifications such as tax notices. Under IFRS, levies are recognized based on the estimated amount of payment when the obligation of payment arises, and, as a result, "Trade and other payables” increased.

(v) Other current liabilities

"Other current liabilities" has increased due to the recognition of a liability for unused paid vacations, which were not recognized under Japanese GAAP.

(vi) Other components of equity

Upon first-time adoption, the Group has elected to adopt the exemption provided in IFRS 1 and has transferred all cumulative translation differences at the transition date to retained earnings.

Under Japanese GAAP, unrecognized actuarial gains and losses on defined benefit plans were recognized in net assets through other comprehensive income as incurred and expensed over a fixed number of years within the average remaining service period of employees. Under IFRS, the remeasurement of defined benefit plans is recognized in other comprehensive income and immediately transferred to retained earnings.

(vii) Retained earnings

(Millions of yen)

Adjustment to	March 31, 2020	April 1, 2019
Property, plant and equipment	¥985	¥855
Goodwill	690	—
Leases	(130)	(279)
Employee benefit assets or liabilities	(331)	(536)
Deferred tax assets	(171)	(162)
Levies	(817)	(812)
Unused paid vacations	(1,601)	(1,526)
Translation differences of foreign operations	1,081	1,081
Remeasurement of defined benefit plans	(2,898)	(667)
Other	(204)	(182)
Total adjustments to retained earnings	¥(3,397)	¥(2,232)

Reconciliation of profit or loss and comprehensive income for the year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

Items of consolidated statements of profit or loss

(Millions of yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification of presentation	Differences in recognition and measurement	IFRS	Notes	Presentation Under IFRS
Net sales	¥468,616	¥(28,870)	¥(119)	¥439,627	(1)	Revenue
Cost of sales	286,978	424	(4)	287,398	(2) (i)	Cost of sales
Gross profit	181,638	(29,295)	(114)	152,228		Gross profit
Selling, general and administrative expenses	141,812	(27,566)	(58)	114,187	(1) (2) (i) (ii)	Selling, general and administrative expenses
	—	—	—	38,041		Business profit
	—	2,041	0	2,042	(2)	Other income
	—	5,311	(131)	5,179	(2)	Other expenses
Operating income	39,826	(4,998)	75	34,903		Operating profit
Non-operating income	6,264	(6,264)	—	—	(2)	
Non-Operating Expenses	7,012	(7,012)	—	—	(2)	
Ordinary income	39,078					
Extraordinary income	217	(217)	—	—	(2)	
Extraordinary loss	1,365	(1,365)	—	—	(2)	
	—	4,238	(200)	4,037	(2)	Finance income
	—	1,438	(101)	1,336	(2)	Finance costs
	—	209	—	209	(2)	Share of profit of associates accounted for using the equity method
Net income before income taxes and minority interests	37,930	(92)	(23)	37,814		Profit before income taxes
Total income taxes	10,925	(92)	(257)	10,575	(iii)	Income taxes
Net income	27,005	—	233	27,238		Profit for the year
						Profit for the year attributable to
Net income attributable to owners of the parent	26,595	—	232	26,827		Owners of the parent
Net income attributable to non-controlling interests	¥409	¥—	¥1	¥411		Non-controlling interests

Items of consolidated statements of profit or loss

(Millions of yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification of presentation	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Net profit (loss)	¥27,005	¥—	¥233	¥27,238		Profit (loss) for the year
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Net unrealized gains on available-for-sale securities	(3,320)	—	(342)	(3,663)		Net change in fair value of financial assets measured at FVOCI, net of taxes
Adjustment for retirement benefits	(2,149)	—	730	(1,419)	(i)	Remeasurement of defined benefit plans
		(241)	(4)	(245)		Share of other comprehensive income (loss) of associates accounted for using the equity method
						Items that are or may be reclassified subsequently to profit or loss
Foreign currency translation adjustments	(5,447)	—	3	(5,443)		Foreign currency translation adjustments
Deferred gains or losses on hedges	4	—	(6)	(1)		Cash flow hedges
Share of other comprehensive income of associates accounted for using equity method	(241)	241				
Total other comprehensive income	(11,154)		380	(10,773)		Other comprehensive income for the period, net of tax
Comprehensive income	15,850		614	16,465		Total comprehensive income for the period
(Breakdown)						Total comprehensive income for the period attributable to:
Comprehensive income attributable to owners of the parent	15,401		616	16,018		Owners of the parent
Comprehensive income attributable to noncontrolling interests	¥448		¥(1)	¥446		Non-controlling interests

Notes to Reconciliation of Profit or Loss and Comprehensive Income

The reconciliation of the differences between Japanese GAAP and IFRS in the reconciliation table above is as follows:

(a) Reclassification adjustments

The main items of the reclassification adjustments are as follows:

(1) Revenue

While rebates were recognized in selling, general and administrative expenses under Japanese GAAP, certain rebates are deducted from revenue under IFRS.

(2) Cost of sales, selling, general and administrative expenses, other income, other expenses, finance income, finance costs and gain or loss on investments in associates accounted for using the equity method

Of the items that were presented in "Non-operating income," "Non-operating expenses," "Extraordinary income" and "Extraordinary loss" under Japanese GAAP, finance-related items are presented in "Finance income" and "Finance costs," and other items are presented in "Cost of sales", "Selling, general and administrative expenses," "Other income," "Other expenses" and "Gain or loss on investments in associates accounted for using the equity method" under IFRS.

(b) Differences in recognition and measurement

The main components of the differences in recognition and measurement are as follows:

(i) Adjustments for defined benefit plans

Under Japanese GAAP, actuarial gains and losses and prior service costs of defined benefit plans were recognized in equity through other comprehensive income as incurred and amortized on a straight-line basis over a fixed number of years within the average remaining service period of employees. Under IFRS, the remeasurement of defined benefit plans is recognized in equity through other comprehensive income as incurred, and prior service cost is recognized as income or expense in a lump sum as incurred.

(ii) Adjustment of the recorded amount of goodwill

Under Japanese GAAP, goodwill is amortized on a straight-line basis over the period of its effect, but under IFRS, goodwill is not amortized after the transition date.

(iii) Adjustment of income tax expense

The amount of income tax expense has been adjusted due to the temporary difference arising from the adjustment from Japanese GAAP to IFRS.

Reconciliation of cash flows for the year ended March 31, 2020 to cash flows for the year ended March 31, 2019

Under Japanese GAAP, lease payments and rental expenses related to operating leases and rental contracts are classified as cash flows from operating activities. However, in principle, under IFRS the recognition of lease liabilities is required for all leases by lessees, and the repayment of such liabilities is classified as a cash flow from financing activities.

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