

# **Consolidated Financial Statements**

Year ended 31 March 2020 and 2019

Nippon Flour Mills Co.,Ltd.

# Independent Auditor's Report

The Board of Directors  
Nippon Flour Mills Co., Ltd

## Opinion

We have audited the accompanying consolidated financial statements of Nippon Flour Mills Co., Ltd and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheets as at March 31, 2020 and 2019, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the 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.

## 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 accounting principles generally accepted in Japan, 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 accounting principles generally accepted in Japan, 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 accounting principles generally accepted in Japan.
- 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.

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.

## **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.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

June 26, 2020

Seiji Yamamoto  
Designated Engagement Partner  
Certified Public Accountant

Takashi Yoshikawa  
Designated Engagement Partner  
Certified Public Accountant

## 1. Consolidated financial statements

### (1) Consolidated financial statements

#### (i) Consolidated balance sheets

(Millions of yen)

	FY2020 (As of March 31, 2020)	FY2019 (As of March 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	33,829	32,958
Notes and accounts receivable - trade	44,928	47,410
Merchandise and finished goods	14,977	15,508
Work in process	301	32
Raw materials and supplies	16,717	19,230
Other current assets	3,916	3,348
Allowance for doubtful accounts	(136)	(159)
Total current assets	114,534	118,330
Non-current assets		
Property, plant and equipment		
Buildings and structures	98,884	92,072
Accumulated depreciation	(56,800)	(54,913)
Buildings and structures, net *2, *3	42,084	37,159
Machinery, equipment and vehicles	119,288	116,691
Accumulated depreciation	(99,142)	(96,179)
Machinery, equipment and vehicles, net *2, *3	20,146	20,511
Land *3	40,605	40,032
Construction in progress	2,199	1,719
Other	12,119	11,631
Accumulated depreciation	(10,196)	(9,822)
Other, net *2, *3	1,922	1,809
Total property, plant and equipment	106,957	101,233
Intangible assets	1,624	1,376
Investments and other assets		
Investment securities *1, *3	61,525	65,472
Long-term loans receivable	57	1,117
Deferred tax assets	1,567	1,767
Net defined benefit asset	198	91
Other assets *3	4,532	4,548
Allowance for doubtful accounts	(631)	(620)
Total investments and other assets	67,249	72,377
Total non-current assets	175,832	174,988
Deferred assets	61	73
Total assets	290,428	293,392

(Millions of yen)

	FY2020 (As of March 31, 2020)	FY2019 (As of March 31, 2019)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade *3	27,115	34,564
Short-term loans payable *3	20,824	19,201
Current portion of bonds	5,000	-
Income taxes payable	2,473	2,084
Accrued expenses	13,402	12,357
Provision for bonuses	710	615
Other current liabilities	4,552	7,276
Total current liabilities	74,078	76,100
Non-current liabilities		
Bonds payable	-	5,000
Convertible bond-type bonds with share acquisition rights	25,092	25,110
Long-term loans payable *3	12,418	12,041
Deferred tax liabilities	10,923	12,126
Net defined benefit liability	5,212	4,494
Accrued retirement benefits for directors	873	819
Other non-current liabilities	3,248	2,713
Total non-current liabilities	57,768	62,305
Total liabilities	131,847	138,405
<b>Net assets</b>		
Shareholders' equity		
Common stock	12,240	12,240
Capital surplus	11,262	11,262
Retained earnings	109,507	103,682
Treasury shares	(3,422)	(3,536)
Total shareholders' equity	129,587	123,648
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	24,444	26,424
Deferred gain (loss) on hedges	0	(2)
Foreign currency translation adjustment	961	572
Retirement benefits liability adjustments	(1,267)	(495)
Total accumulated other comprehensive income	24,139	26,498
Subscription rights to shares	260	287
Non-controlling interests	4,593	4,552
Total net assets	158,581	154,986
Total liabilities and net assets	290,428	293,392

(ii) Consolidated statements of income and comprehensive income  
(Consolidated statements of income)

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
Net sales	344,839	335,399
Cost of sales	247,264	243,017
Gross profit	97,575	92,381
Selling, general and administrative expenses		
Freight, sales commission and other expenses	46,675	43,535
Provision for doubtful accounts	0	-
Salaries and wages	20,700	19,943
Retirement benefit expenses	788	986
Depreciation	1,178	1,138
Other	17,130	15,555
Total selling, general and administrative expenses *1	86,473	81,159
Operating income	11,101	11,222
Non-operating income (expenses)		
Interest income	102	121
Dividend income	1,526	1,316
Rent income on fixed assets	158	301
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	256	290
Foreign exchange gains	-	23
Interest expenses	(210)	(230)
Rent cost on fixed assets	(53)	(32)
Foreign exchange losses	(64)	-
Gain on sales of fixed assets *2	279	3
Gain on sales of investment securities	841	41
Compensation for expropriation *3	488	-
Loss on sales and disposal of fixed assets *4	(112)	(182)
Loss on valuation of investment securities	(247)	(55)
Demolition expenses *5	(72)	(384)
Expense on restructuring of factory *6	-	(139)
Expenses for change of the corporate brand logo and related items *7	(397)	-
Other non-operating income (expenses), net	(209)	9
Total non-operating income (expenses), net	2,285	1,083
Profit before income taxes	13,386	12,305
Income taxes - current	4,164	3,725
Income taxes - deferred	205	(4)
Total income taxes	4,369	3,720
Profit	9,016	8,584
Profit attributable to non-controlling interests	74	129
Profit attributable to owners of parent	8,941	8,455

## (Consolidated statements of comprehensive income)

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
Profit	9,016	8,584
Other comprehensive income (loss)		
Unrealized holding gain (loss) on securities	(1,929)	(1,220)
Deferred gain (loss) on hedges	2	12
Foreign currency translation adjustment	269	(147)
Retirement benefits liability adjustments	(772)	(54)
Share of other comprehensive income of entities accounted for using equity method	(67)	83
Total other comprehensive income (loss)	<u>(2,496)</u>	<u>(1,326)</u>
Comprehensive income	<u>6,520</u>	<u>7,258</u>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	6,459	7,183
Comprehensive income attributable to non- controlling interests	61	74



(iii) Consolidated statements of changes in net assets  
FY2020 (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	12,240	11,262	103,682	(3,536)	123,648
Changes during period					
Dividends of surplus			(2,533)		(2,533)
Profit attributable to owners of parent			8,941		8,941
Change in scope of consolidation			(573)		(573)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(9)	114	104
Retirement of treasury shares					–
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes of items other than shareholders' equity					
Total changes during period	–	0	5,824	113	5,939
Balance at end of current period	12,240	11,262	109,507	(3,422)	129,587

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustment	Retirement benefits liability adjustments	Total accumulated other comprehensive income			
Balance at beginning of current period	26,424	(2)	572	(495)	26,498	287	4,552	154,986
Changes during period								
Dividends of surplus								(2,533)
Profit attributable to owners of parent								8,941
Change in scope of consolidation								(573)
Purchase of treasury shares								(0)
Disposal of treasury shares								104
Retirement of treasury shares								–
Change in ownership interest of parent due to transactions with non-controlling interests								0
Net changes of items other than shareholders' equity	(1,979)	2	389	(771)	(2,359)	(26)	41	(2,344)
Total changes during period	(1,979)	2	389	(771)	(2,359)	(26)	41	3,594
Balance at end of current period	24,444	0	961	(1,267)	24,139	260	4,593	158,581

FY2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,240	11,415	103,522	(2,635)	124,542
Changes during period					
Dividends of surplus			(2,371)		(2,371)
Profit attributable to owners of parent			8,455		8,455
Change in scope of consolidation					–
Purchase of treasury shares				(7,001)	(7,001)
Disposal of treasury shares		0		7	7
Retirement of treasury shares		(169)	(5,923)	6,093	–
Change in ownership interest of parent due to transactions with non-controlling interests		15			15
Net changes of items other than shareholders' equity					
Total changes during period	–	(153)	160	(900)	(893)
Balance at end of current period	12,240	11,262	103,682	(3,536)	123,648

	Accumulated other comprehensive income							Total net assets
	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustment	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	
Balance at beginning of current period	27,495	(14)	725	(440)	27,765	211	4,385	156,905
Changes during period								
Dividends of surplus								(2,371)
Profit attributable to owners of parent								8,455
Change in scope of consolidation								–
Purchase of treasury shares								(7,001)
Disposal of treasury shares								7
Retirement of treasury shares								–
Change in ownership interest of parent due to transactions with non-controlling interests								15
Net changes of items other than shareholders' equity	(1,070)	12	(153)	(55)	(1,266)	75	166	(1,025)
Total changes during period	(1,070)	12	(153)	(55)	(1,266)	75	166	(1,918)
Balance at end of current period	26,424	(2)	572	(495)	26,498	287	4,552	154,986

## (iv) Consolidated statements of cash flows

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
Operating activities		
Profit before income taxes	13,386	12,305
Depreciation	8,375	7,428
Changes in net defined benefit asset and net defined benefit liability	(577)	(453)
Increase (decrease) in accrued retirement benefits for directors	54	10
Increase (decrease) in allowance for doubtful accounts	(12)	11
Proceeds from compensation for expropriation	(488)	-
Demolition expenses	72	384
Interest and dividend income	(1,628)	(1,437)
Interest expenses	210	230
Loss (gain) on sales of investment securities	(773)	(5)
Loss (gain) on valuation of investment securities	247	55
Foreign exchange losses (gains)	52	(28)
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(256)	(290)
Loss (gain) on sales of fixed assets	(275)	(2)
Loss on disposal of fixed assets	117	186
Expenses for change of the corporate brand logo and related items	397	-
Decrease (increase) in notes and accounts receivable - trade	2,503	(2,171)
Decrease (increase) in inventories	2,802	(1,829)
Increase (decrease) in notes and accounts payable - trade	(7,403)	4,367
Increase (decrease) in accrued consumption taxes	(294)	376
Decrease (increase) in other receivables	59	123
Increase (decrease) in other payables	1,073	95
Other, net	294	572
Subtotal	17,936	19,927
Interest and dividend income received	1,633	1,444
Interest expenses paid	(212)	(239)
Income taxes paid	(3,824)	(4,069)
Net cash provided by (used in) operating activities	15,532	17,063

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
<b>Investing activities</b>		
Decrease (increase) in time deposits	162	(62)
Purchase of fixed assets	(15,607)	(13,984)
Proceeds from sales of fixed assets	509	16
Purchase of investment securities	(671)	(568)
Proceeds from sales and redemption of investment securities	1,455	297
Payments of loans receivable	(11)	(410)
Collection of loans receivable	19	26
Decrease (increase) in other investments	13	70
Net cash provided by (used in) investing activities	(14,130)	(14,614)
<b>Financing activities</b>		
Net increase (decrease) in short-term loans payable	1,668	(1,089)
Proceeds from long-term loans payable	2,646	2,908
Repayments of long-term loans payable	(2,313)	(5,175)
Redemption of bonds	–	(5,000)
Proceeds from issuance of convertible bond-type bonds with share acquisition rights	–	25,041
Proceeds from share issuance to non-controlling shareholders	–	150
Purchase of treasury shares	(0)	(7,028)
Cash dividends paid	(2,533)	(2,371)
Dividends paid to non-controlling interests	(18)	(14)
Repayments of finance lease obligations	(208)	(261)
Other, net	(0)	(23)
Net cash provided by (used in) financing activities	(759)	7,135
Effect of exchange rate changes on cash and cash equivalents	113	(55)
Net increase (decrease) in cash and cash equivalents	755	9,528
Cash and cash equivalents at beginning of period	30,085	20,556
Increase in cash and cash equivalents from newly consolidated subsidiary	171	–
Cash and cash equivalents at end of period *1	31,012	30,085

## Notes to consolidated financial statements

(Basis of preparation of the consolidated financial statements)

### 1. Basis of preparation

The accompanying consolidated financial statements of Nippon Flour Mills Co., Ltd. (the “Company”) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRS”), and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically within Japan so as to present them in a format which is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2019 to conform to the classifications used for the year ended March 31, 2020.

Japanese yen figures less than one million yen are rounded down to the nearest million yen, except for per share data.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates.

### 2. Scope of consolidation

- (1) Number and names of consolidated subsidiaries  
48 (47 in 2019) companies

Names of major consolidated subsidiaries

NIPPON Donut Co., Ltd., Nippon Rich Co., Ltd., NIPPON ENGINEERING CO., Ltd., NPF Japan Co., Ltd., NIPPON Frozen Foods Co., Ltd., OHMY Co., Ltd., Matsuya Flour Mills Co., Ltd., NIPPON SHOJI Co., Ltd., Fast Foods Co., Ltd., OK Food Industry Co., Ltd., NAGANO TOMATO Co., Ltd., Tofuku Flour Mills Co., Ltd., and Yamato Foods Co., Ltd.

Nippon Flour Mills (Shanghai Jinshan) Co., Ltd., which was an unconsolidated subsidiary in the previous fiscal year, has been included in the scope of consolidation due to its increased significance.

- (2) Name of major unconsolidated subsidiaries  
NIPPON Logistics Co., Ltd.

(Reasons for exclusion of unconsolidated subsidiaries from the scope of consolidation)

Each of the 15 unconsolidated subsidiaries is small in scale and their total assets, sales and net profit or loss (amount corresponding to the equity interest) and retained earnings (amount corresponding to the equity interest) and others do not have a material effect on the consolidated financial statements.

### 3. Application of equity method

- (1) Number of unconsolidated subsidiaries and affiliates accounted for using equity method  
14 (14 in 2019) companies (of which six (six in 2019) unconsolidated subsidiaries and eight (eight in 2019) affiliates)

Names of major equity method companies

NIPPON Logistics Co., Ltd. and Chiba Grain Center Co., Ltd.

- (2) There are nine (nine in 2019) unconsolidated subsidiaries and 16 (17 in 2019) affiliates not accounted for using the equity method. They are not accounted for using the equity method because they have only a minor effect on the consolidated financial statements and have no significance as a whole in terms of net profit or loss (amount corresponding to the equity interest), retained earnings (amount corresponding to the equity interest) and others.

#### 4. Fiscal year end of consolidated subsidiaries

The consolidated subsidiaries whose balance sheet date is different from the consolidated balance sheet date are as follows:

<u>Company name</u>	<u>Balance sheet date</u>
Pasta Montana, L.L.C. and nine (eight in 2019) other companies	December 31*

\* Financial statements as of the balance sheet date of each consolidated subsidiary have been used. However, necessary adjustments are made on consolidation for significant transactions that occurred between the balance sheet date of these subsidiaries and the consolidated financial statements date.

#### 5. Significant accounting policies

##### (1) Valuation bases and methods for significant assets

###### (i) Securities

###### Other securities

###### Securities with available fair market values

Stated at fair value based on the market price at the end of the fiscal year (unrealized gain or loss is included as a separate component of net assets, and cost of securities sold is determined based on the moving-average method).

###### Securities without available fair market values

Stated at cost using the moving-average method.

###### (ii) Derivatives

Derivatives financial instruments are stated at fair value.

###### (iii) Inventories

###### Merchandise and finished goods

The Company and domestic consolidated subsidiaries mainly adopt the cost method based on the (monthly) gross average method (carrying amounts on the balance sheet are subject to the lower of cost or market value method), and foreign consolidated subsidiaries mainly adopt the lower of cost or market value method, with cost determined by the first-in first-out method.

###### Raw materials and supplies

For raw materials on an immediate sale basis, the Company and domestic consolidated subsidiaries mainly adopt the first-in first-out cost method (carrying amounts on the balance sheet are subject to the lower of cost or market value method). For other raw materials and supplies, they mainly adopt the (monthly) gross average method (carrying amounts on the balance sheet are subject to the lower of cost or market value method). Foreign consolidated subsidiaries mainly adopt the lower of cost or market value method, with cost determined by the first-in first-out method.

##### (2) Depreciation and amortization methods for major depreciable and amortizable assets

###### (i) Property, plant and equipment (excluding leased assets)

The Company and domestic consolidated subsidiaries mainly adopt the declining-balance method and foreign consolidated subsidiaries mainly adopt the straight-line method. However, the Company and domestic consolidated subsidiaries adopt the straight-line method for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016.

The estimated useful lives of major items are as follows:

Buildings and structures	3 to 50 years
Machinery, equipment and vehicles	4 to 12 years

###### (ii) Intangible assets (excluding leased assets)

The Company and domestic consolidated subsidiaries adopt the straight-line method.

Software for internal use is based on the estimated useful life as internally determined (five years).

###### (iii) Leased assets

The straight-line method is applied on the assumptions that the useful life equals the lease term and the residual value is zero.

For finance lease transactions in which ownership is not transferred commencing on or prior to March 31, 2008, the Company adopts an accounting method similar to that applied to operating lease transactions.

- (3) Accounting policy for significant provisions
- (i) Allowance for doubtful accounts  
For the Company and domestic consolidated subsidiaries, allowance for doubtful accounts is provided based on past experience for normal receivables and using a specific estimate of the collectability of individual receivables from companies in financial difficulty in order to prepare for losses from bad debt.
  - (ii) Accrued retirement benefits for directors  
To provide for the payment of directors' retirement benefits, the Company and domestic consolidated subsidiaries reserve the amount required as of the end of the current fiscal year based on their internal regulations.
  - (iii) Provision for bonuses  
To prepare for the payment of bonuses to employees, the amount is provided based on the expected amount to be paid.
- (4) Accounting methods for retirement benefits
- (i) Method of attributing expected retirement benefits to periods  
In calculating retirement benefit obligations, the benefit formula basis is used as the method for attributing the expected retirement benefits to the periods.
  - (ii) Actuarial differences  
Unrecognized actuarial gains and losses are amortized by the straight-line method over a fixed period (ten years) which is within the average remaining service period of employees, starting from the respective fiscal years following the fiscal year in which they arose.
- (5) Significant hedge accounting method
- (i) Hedge accounting method  
Deferred hedge accounting is applied. Interest rate swaps that satisfy certain requirements are accounted for by the special treatment.
  - (ii) Hedging instruments and hedged items
 

· Hedging instruments	Interest rate swaps and forward exchange contracts
· Hedged items	Loans payable, receivables and payables denominated in foreign currencies or expected transactions denominated in foreign currencies
  - (iii) Hedging policy  
For interest rate-related transactions, hedges are entered into solely for avoiding risks arising from possible interest rate changes in the future. For currency-related transactions, forward exchange contracts are used to hedge risks arising from possible fluctuations of foreign exchange rates on transactions denominated in foreign currencies.
  - (iv) Assessment of hedge effectiveness  
The hedge effectiveness of interest rate swaps is assessed by comparing the accumulated cash flow changes of the hedged items and the accumulated cash flow changes of the hedging instruments. However, the assessment of hedge effectiveness has been omitted for interest rate swaps by which the risk of changes in interest rate would be entirely eliminated. For forward foreign exchange contracts, the evaluation of hedge effectiveness has been omitted as significant conditions are identical for the exchange contracts and the hedged items or scheduled transactions and it is assumed that market fluctuations or cash flow changes are offset at the time of commencement of hedging and thereafter.
- (6) Method and period for amortization of goodwill  
Goodwill is amortized by the straight-line method over a period of five to ten years.
- (7) Scope of cash and cash equivalents in consolidated statements of cash flows  
Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, demand deposits, and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.
- (8) Method for processing deferred assets  
Bond issuance cost is amortized by the straight-line method across the period from the date of issuance until the date of redemption.

(9) Accounting methods for consumption taxes

Items subject to consumption taxes are accounted for at amounts exclusive of consumption taxes.

(Accounting standards issued but not yet effective, etc.)

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 30, 2018, Accounting Standards Board of Japan)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 30, 2018, Accounting Standards Board of Japan)

(1) Summary

The International Accounting Standards Board (“IASB”) and the Financial Accounting Standards Board (“FASB”) jointly developed comprehensive accounting standards for revenue recognition and published the “Revenue from Contracts with Customers” (IFRS 15 at the IASB and Topic 606 at the FASB) in May 2014. Given that IFRS 15 is to be applied from fiscal years starting on or after January 1, 2018 and that Topic 606 is to be applied from fiscal years starting after December 15, 2017, the ASBJ has developed comprehensive accounting standards for revenue recognition and published them in conjunction with the implementation guidance. The basic policy of the ASBJ in developing accounting standards for revenue recognition is thought to be setting accounting standards incorporating the basic principles of IFRS 15 as a starting point from the standpoint of comparability between financial statements, which is one of the benefits of ensuring consistency with IFRS 15, and to be adding alternative accounting treatments without losing comparability if there is an item that should take into account practices, etc., that have been conducted in Japan.

(2) Scheduled date of application

These are scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Effect of application of the aforementioned accounting standards, etc.

The effect of application of the “Accounting Standard for Revenue Recognition,” etc., on the consolidated financial statements is currently under review.



- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, Accounting Standards Board of Japan)
- “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 4, 2019, Accounting Standards Board of Japan)
- “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019, Accounting Standards Board of Japan)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019, Accounting Standards Board of Japan)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020, Accounting Standards Board of Japan)

#### (1) Summary

The International Accounting Standards Board (“IASB”) and the Financial Accounting Standards Board (“FASB”) provide similar comprehensive guidance on fair value measurement (IFRS 13 “Fair Value Measurement” under International Financial Reporting Standards (IFRS) and the Accounting Standards Codification Topic 820 “Fair Value Measurement” under US-GAAP). In light of this situation, the ASBJ sought to ensure that Japanese standards are consistent with international accounting standards, especially for the guidance and disclosure of the fair value of financial instruments, and published the “Accounting Standard for Fair Value Measurement,” etc.

The basic policy of the ASBJ in developing accounting standards for fair value measurement is thought to be generally adopting all the provisions of IFRS 13, in order to improve the comparability of financial statements between domestic and foreign companies by using a standardized measurement method, as well as to be specifying alternative accounting treatment for specific items without significantly undermining the comparability of financial statements, by taking into account the practices that have been used in Japan.

#### (2) Scheduled date of application

These are scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

#### (3) Effect of application of the aforementioned accounting standards, etc.

The effect of application of the “Accounting Standard for Fair Value Measurement,” etc., on the consolidated financial statements is currently under review.

### (Changes in presentation)

#### (Consolidated statements of income)

“Gain on sales of securities” presented separately in the previous fiscal year, is included in “Other non-operating income (expenses), net” in the current fiscal year, because the amount has become insignificant. “Impairment loss” presented separately in the previous fiscal year, is also included in “Other non-operating income (expenses), net” in the current fiscal year, because the amount has become insignificant. The consolidated financial statements for the previous fiscal year have been reclassified to reflect these changes in presentation.

As a result, ¥4 million presented as “Gain on sales of securities” in the consolidated financial statements for the previous fiscal year has been reclassified as “Other non-operating income (expenses), net.” In addition, ¥23 million presented as “Impairment loss” in the consolidated financial statements for the previous fiscal year has been reclassified as “Other non-operating income (expenses), net.”

“Gain on sales of fixed assets” included in “Other non-operating income (expenses), net” in the previous fiscal year, is reclassified as a separate item in the current fiscal year, because the amount has become significant.

As a result, ¥3 million included in “Other non-operating income (expenses), net” in the consolidated financial statements for the previous fiscal year has been reclassified as “Gain on sales of fixed assets”

(Consolidated statements of cash flows)

“Impairment loss” presented separately under “Operating activities” in the previous fiscal year, is included in “Other, net” in the current fiscal year, because the amount has become insignificant. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, ¥23 million presented as “Impairment loss” under “Operating activities” in the consolidated financial statements for the previous fiscal year has been reclassified as “Other, net.”

(Additional information)

Assuming that the impact of the novel coronavirus disease (COVID-19) will last until the middle of FY2021, the Group estimated future cash flows to perform an impairment test for non-current assets.

(Consolidated balance sheets)

\*1 Investment securities in unconsolidated subsidiaries and affiliates are as follows:

(Millions of yen)

	FY2020 (As of March 31, 2020)	FY2019 (As of March 31, 2019)
Investment securities	5,147	6,133

\*2 Accumulated reduction entry amount deducted from the acquisition cost of property, plant and equipment due to acceptance of government subsidies and others are as follows:

(Millions of yen)

	FY2020 (As of March 31, 2020)	FY2019 (As of March 31, 2019)
	423	383

\*3 Assets pledged as collateral

(1) Assets pledged as collateral

(Millions of yen)

	FY2020 (As of March 31, 2020)	FY2019 (As of March 31, 2019)
Buildings and structures	1,133	2,453
Machinery and equipment	551	1,667
Land	1,039	2,376
Property, plant and equipment (other)	0	35
Investment securities	136	238
Investments and other assets (other)	–	395
Total	2,861	7,167

Of the above, assets pledged as collateral on mortgages of factory foundation are as follows:

(Millions of yen)

	FY2020 (As of March 31, 2020)	FY2019 (As of March 31, 2019)
Buildings and structures	372	1,624
Machinery and equipment	344	1,419
Land	91	1,255
Property, plant and equipment (other)	–	33
Investments and other assets (other)	–	233
Total	808	4,565

(2) Liabilities corresponding to assets pledged as collateral

(Millions of yen)

	FY2020 (As of March 31, 2020)	FY2019 (As of March 31, 2019)
Short-term loans payable	1,600	3,080
Long-term loans payable (including current portion)	237	2,156
Notes and accounts payable - trade	760	831
Total	2,598	6,068

Of the above, liabilities corresponding to mortgages of factory foundation are as follows:

(Millions of yen)

	FY2020 (As of March 31, 2020)	FY2019 (As of March 31, 2019)
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Short-term loans payable	400	1,880
Long-term loans payable (including current portion)	42	1,917
Total	442	3,797

\*4 The Company has provided guarantees for borrowings of its employees and others as follows:

	(Millions of yen)	
	FY2020 (As of March 31, 2020)	FY2019 (As of March 31, 2019)
Employees	8	10

(Consolidated statements of income)

\*1 Research and development expenses included in general and administrative expenses are as follows:

	(Millions of yen)	
	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
	3,381	3,346

\*2 Gain on sales of fixed assets represents gain on sales of land and others.

\*3 Compensation for expropriation

FY2020 (From April 1, 2019 to March 31, 2020)

This is compensation for expropriation related to the eviction of Nippon Flour Mills (Shanghai) Co., Ltd.

\*4 Loss on sales and disposal of fixed assets represents loss on retirement and sales of machinery and equipment, and others.

\*5 Demolition expenses

FY2020 (From April 1, 2019 to March 31, 2020)

These are expenses incurred for demolishing idle assets that had not been used for business.

FY2019 (From April 1, 2018 to March 31, 2019)

These are demolition expenses incurred in line with the type 1 urban redevelopment project in the north district of Sendagaya 5-chome, etc.

\*6 Expense on restructuring of factory

FY2019 (From April 1, 2018 to March 31, 2019)

These are expenses incurred for the construction of a new factory in Chita city, Aichi.

\*7 Expenses for change of the corporate brand logo and related items

FY2020 (From April 1, 2019 to March 31, 2020)

These are expenses incurred for altering packaging and other related expenses as a result of changing the corporate brand logo.

## (Consolidated statements of comprehensive income)

## \*1 Reclassification adjustments and tax effects relating to other comprehensive income

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
Unrealized holding gain (loss) on securities:		
Amount arising during the year	(2,248)	(1,779)
Reclassification adjustments	(535)	23
Before tax effect adjustments	(2,783)	(1,756)
Tax effects	853	536
Unrealized holding gain (loss) on securities	(1,929)	(1,220)
Deferred gain (loss) on hedges:		
Amount arising during the year	(13)	32
Reclassification adjustments	17	(13)
Before tax effect adjustments	4	18
Tax effects	(1)	(5)
Deferred gain (loss) on hedges	2	12
Foreign currency translation adjustment:		
Amount arising during the year	269	(147)
Retirement benefits liability adjustments:		
Amount arising during the year	(1,187)	(420)
Reclassification adjustments	59	327
Before tax effect adjustments	(1,128)	(93)
Tax effects	355	39
Retirement benefits liability adjustments	(772)	(54)
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the year	(67)	83
Total other comprehensive income (loss)	(2,496)	(1,326)

(Consolidated statements of changes in net assets)

The Companies Act of Japan provides that an amount equal to 10% of the amount to be disbursed 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 the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

FY2020 (From April 1, 2019 to March 31, 2020)

1. Class and total number of issued shares and treasury shares

(Thousands of shares)

	Number of shares as of April 1, 2019	Increase in number of shares during fiscal year	Decrease in number of shares during fiscal year	Number of shares as of March 31, 2020
Issued shares				
Common stock	78,824	–	–	78,824
Treasury shares				
Common stock (Note 1, 2)	2,226	0	69	2,157

- Notes:
1. The increase in the number of treasury shares of common stock was due to the purchase of 0 thousand shares less than one unit.
  2. The decrease in the number of treasury shares of common stock was due to the disposal of 69 thousand shares through the exercise of stock options and the request for purchasing 0 thousand additional shares less than one unit.

2. Subscription rights to shares and treasury subscription rights to shares

Category	Breakdown of subscription rights to shares	Class of shares to be issued upon exercise of subscription rights to shares	Number of shares to be issued upon exercise of subscription rights to shares (Shares)				Balance as of March 31, 2020 (Millions of yen)
			As of April 1, 2019	Increase	Decrease	As of March 31, 2020	
Reporting company (Parent company)	Euro-yen denominated convertible bond-type bonds with share acquisition rights due 2025	Common stock	10,888,501	11,869	–	10,900,370	(Note) –
	Subscription rights to shares as stock options	–	–	–	–	–	260
Total		–	–	–	–	–	260

Note: The lump-sum method is used for the convertible bond-type bonds with share acquisition rights.

3. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 27, 2019	Common stock	1,304	17.0	March 31, 2019	June 28, 2019
Board of Directors meeting held on November 7, 2019	Common stock	1,229	16.0	September 30, 2019	November 29, 2019

(2) Dividends for which record date is in the fiscal year but whose effective date is in the following fiscal year

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 26, 2020	Common stock	1,382	Retained earnings	18.0	March 31, 2020	June 29, 2020

FY2019 (From April 1, 2018 to March 31, 2019)

1. Class and total number of issued shares and treasury shares

(Thousands of shares)

	Number of shares as of April 1, 2018	Increase in number of shares during fiscal year	Decrease in number of shares during fiscal year	Number of shares as of March 31, 2019
Issued shares				
Common stock (Note 1)	82,524	–	3,700	78,824
Treasury shares				
Common stock (Note 2, 3)	2,225	3,705	3,705	2,226

- Notes:
- The decrease in the number of issued shares of common stock was due to the retirement of treasury shares.
  - The increase in the number of treasury shares of common stock was due to the acquisition of 3,705 thousand shares based on a Board of Directors resolution and the purchase of 0 thousand shares less than one unit.
  - The decrease in the number of treasury shares of common stock was due to the retirement of 3,700 thousand shares based on a Board of Directors resolution, the disposal of 5 thousand shares through the exercise of stock options and the request for purchasing 0 thousand additional shares less than one unit.

2. Subscription rights to shares and treasury subscription rights to shares

Category	Breakdown of subscription rights to shares	Class of shares to be issued upon exercise of subscription rights to shares	Number of shares to be issued upon exercise of subscription rights to shares (Shares)				Balance as of March 31, 2019 (Millions of yen)
			As of April 1, 2018	Increase	Decrease	As of March 31, 2019	
Reporting company (Parent company)	Euro-yen denominated convertible bond-type bonds with share acquisition rights due 2025	Common stock	–	10,888,501	–	10,888,501	(Note) –
	Subscription rights to shares as stock options	–	–	–	–	–	287
Total		–	–	–	–	–	287

Note: The lump-sum method is used for the convertible bond-type bonds with share acquisition rights.

### 3. Dividends

#### (1) Cash dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 28, 2018	Common stock	1,206	15.0	March 31, 2018	June 29, 2018
Board of Directors meeting held on November 6, 2018	Common stock	1,164	15.0	September 30, 2018	November 30, 2018

#### (2) Dividends for which record date is in the fiscal year but whose effective date is in the following fiscal year

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 27, 2019	Common stock	1,304	Retained earnings	17.0	March 31, 2019	June 28, 2019

(Consolidated statements of cash flows)

\*1 Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheets as follows:

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
Cash and deposits	33,829	32,958
Time deposits with maturity over three months	(2,817)	(2,873)
Cash and cash equivalents	31,012	30,085

(Lease transactions)

(Lessee)

#### 1. Finance leases transactions

Finance lease transactions in which ownership is not transferred

##### (1) Details of leased assets

Property, plant and equipment

Principally production facilities (machinery, equipment and vehicles) and others in the Food segment.

##### (2) Depreciation method of leased assets

Depreciation method of leased assets is described in “5. Significant accounting policies (2) Depreciation and amortization methods for major depreciable and amortizable assets” above.

Finance lease transactions in which ownership is not transferred commencing on or prior to March 31, 2008 are accounted using an accounting method similar to that applied to operating lease transactions. However, the description of this information has been omitted as the amount is immaterial.



2. Operating lease transactions

Future lease payments for non-cancelable operating lease transactions

(Millions of yen)

	FY2020 (As of March 31, 2020)	FY2019 (As of March 31, 2019)
Due within one year	23	18
Due after one year	47	36
Total	71	54

(Lessor)

1. Operating lease transactions

Future lease payments for non-cancelable operating lease transactions

(Millions of yen)

	FY2020 (As of March 31, 2020)
Due within one year	845
Due after one year	3,937
Total	4,783

Note: The note for the previous fiscal year has been omitted as the amount of lease transactions where the Company is a lessor is immaterial.

(Financial instruments)

1. Conditions of financial instruments

(1) Policy for financial instruments

The Group limits its fund management activities to short-term deposits and others, and procures funds through bank loans and issuances of corporate bonds. It conducts derivative transactions only for the purpose of hedging risks as described below within the scope of actual demand, and no speculative or high risk transactions are allowed in principle.

(2) Details and risks of financial instruments and risk management system

Notes and accounts receivable - trade, which are operating receivables, are exposed to customer credit risk. The Group reduces the risk by performing credit research into primary trading partners and controlling maturity dates of receivables of each customer and preparing reports on the balance for each customer.

Investment securities are primarily shares in companies with which the Group has business relationships, of which listed shares are exposed to market price fluctuation risk. Consequently, the market values of the listed shares are monitored on a quarterly basis.

Most of notes and accounts payable - trade, which are operating debts, are due within one year.

Among loans payable, short-term loans are mainly operating funds, and long-term loans are mainly for procuring funds relating to capital investments. Though some long-term loans are exposed to interest rate fluctuation risk, the Group hedges that risk by entering into derivative transactions (interest rate swap transactions).

Bonds payable are issued for the purpose of procuring funds for repayment of loans and operating funds.

Convertible bond-type bonds with share acquisition rights are issued for the purpose of procuring funds for business investments and the acquisition of treasury shares.

Derivative transactions are comprised of forward exchange contracts with the purpose to hedge exchange rate fluctuation risk in respect of foreign currency denominated operating receivables and operating payables, as well as interest rate swaps transactions with the purpose to hedge fluctuation risk in interest rates on loans payable. As to hedging instruments, hedged items, hedging policy, assessment of hedge effectiveness and others relating to hedge accounting, please refer to “5. Significant accounting policies (5) Significant hedge accounting method” above.

Derivative transactions are executed and controlled by internal rules for transaction authorization. In order to reduce credit risk, the counterparties to these derivative transactions are limited to major financial institutions with high credit ratings.

Operating payables and loans payable are exposed to liquidity risk. The Group manages the risk by each member company’s preparing a monthly plan for raising funds and other methods.

(3) Supplementary explanation on the fair values of financial instruments

The notional amounts of derivatives in “2. Fair values of financial instruments,” in themselves, do not reflect the market risk relating to the derivative transactions.

2. Fair values of financial instruments

Carrying amounts, fair values and their differences are shown in the following table. The amounts shown in the following tables do not include financial instruments whose fair values are deemed to be extremely difficult to determine (see Note 2 below).

## FY2020 (As of March 31, 2020)

(Millions of yen)

	Carrying amount (*)	Fair value (*)	Difference
(1) Cash and deposits	33,829	33,829	—
(2) Notes and accounts receivable - trade	44,928	44,928	—
(3) Investment securities	51,744	51,744	—
(4) Notes and accounts payable - trade	(27,115)	(27,115)	—
(5) Short-term loans payable (excluding current portion of long-term loans payable)	(18,593)	(18,593)	—
(6) Bonds payable (including current portion of bonds payable)	(5,000)	(5,000)	(0)
(7) Convertible bond-type bonds with share acquisition rights	(25,092)	(25,575)	(483)
(8) Long-term loans payable (including current portion of long-term loans payable)	(14,650)	(14,496)	154
(9) Derivatives	(0)	(0)	—

(\*) Liabilities are presented in parentheses.

## FY2019 (As of March 31, 2019)

(Millions of yen)

	Carrying amount (*)	Fair value (*)	Difference
(1) Cash and deposits	32,958	32,958	—
(2) Notes and accounts receivable - trade	47,410	47,410	—
(3) Investment securities	54,760	54,760	—
(4) Notes and accounts payable - trade	(34,564)	(34,564)	—
(5) Short-term loans payable (excluding current portion of long-term loans payable)	(16,925)	(16,925)	—
(6) Bonds payable (including current portion of bonds payable)	(5,000)	(5,021)	(21)
(7) Convertible bond-type bonds with share acquisition rights	(25,110)	(25,500)	(390)
(8) Long-term loans payable (including current portion of long-term loans payable)	(14,317)	(14,132)	184
(9) Derivatives	(3)	(3)	—

(\*) Liabilities are presented in parentheses.

Note 1: Calculation methods of the fair value of financial instruments and matters relating to securities and derivatives

(1) Cash and deposits and (2) Notes and accounts receivable - trade

The book value is used as the fair value, given that the fair value is almost equivalent to the amount of the book value, as they are settled in a short time.

(3) Investment securities

Stocks are valued at prices on stock exchanges and bonds are valued at prices obtained from financial institutions. For matters concerning securities by holding purpose, please refer to note on "Securities."

(4) Notes and accounts payable - trade and (5) Short-term loans payable

The book value is used as the fair value, given that the fair value is almost equivalent to the amount of the book value, as they are settled in a short time.

(6) Bonds payable

The fair value of bonds payable with available fair market value is valued at market prices. The fair value of bonds payable without available fair market value is estimated by discounting the total amount of principal and interest at a rate that reflects the remaining periods of the bonds and the credit risk.

(7) Convertible bond-type bonds with share acquisition rights

The fair value of convertible bond-type bonds with share acquisition rights is valued at market prices.

(8) Long-term loans payable

The fair value of long-term loans payable is estimated by discounting the total amount of principal and interest using an interest rate that would apply if the full amount of the principal were newly borrowed at the year-end date. Most of long-term loans payable with variable interest rates qualify for special treatment for interest rate swaps and the fair value is calculated by discounting the total amount of principal and interest with the interest rate swaps, using an interest rate that would apply if it were newly borrowed at the year-end date.

(9) Derivatives

Please refer to notes on "Derivatives."

Note 2: Carrying amounts of financial instruments whose fair values are deemed to be extremely difficult to determine

(Millions of yen)

Category	FY2020 (As of March 31, 2020)	FY2019 (As of March 31, 2019)
Unlisted stocks and others	9,780	10,711

Unlisted stocks are not included in "(3) Investment securities" because they have no market prices and their fair values are deemed to be extremely difficult to determine as future cash flow cannot be estimated.

Note 3: Redemption schedule for monetary receivables and securities with maturities after the consolidated balance sheet date

FY2020 (As of March 31, 2020)

(Millions of yen)

	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Deposits	33,688	–	–	–
Notes and accounts receivable - trade	44,928	–	–	–
Securities and investment securities				
Other securities with maturities				
(1) Bonds (Corporate bonds)	21	345	217	105
(2) Other	–	173	159	–
Total	78,638	518	376	105

FY2019 (As of March 31, 2019)

(Millions of yen)

	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Deposits	32,829	–	–	–
Notes and accounts receivable - trade	47,410	–	–	–
Securities and investment securities				
Other securities with maturities				
(1) Bonds (Corporate bonds)	193	195	228	117
(2) Other	–	101	255	–
Total	80,433	296	484	117

Note 4: Repayment schedule for short-term loans payable, bonds payable, convertible bond-type bonds with share acquisition rights and long-term loans payable after the consolidated balance sheet date

FY2020 (As of March 31, 2020)

(Millions of yen)

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term loans payable	18,593	–	–	–	–	–
Bonds payable	5,000	–	–	–	–	–
Convertible bond-type bonds with share acquisition rights	–	–	–	–	–	25,000
Long-term loans payable	2,231	1,674	1,534	2,334	2,410	4,464
Total	25,824	1,674	1,534	2,334	2,410	29,464

FY2019 (As of March 31, 2019)

(Millions of yen)

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term loans payable	16,925	–	–	–	–	–
Bonds payable	–	5,000	–	–	–	–
Convertible bond-type bonds with share acquisition rights	–	–	–	–	–	25,000
Long-term loans payable	2,275	1,937	1,165	994	2,052	5,892
Total	19,201	6,937	1,165	994	2,052	30,892

## (Securities)

## 1. Other securities

FY2020 (As of March 31, 2020)

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	(1) Stocks	49,248	13,458	35,789
	(2) Bonds			
	(i) Government bonds and local government bonds	–	–	–
	(ii) Corporate bonds	60	57	3
	(iii) Other	–	–	–
	(3) Other	121	115	6
	Subtotal	49,430	13,631	35,799
Securities whose carrying amount does not exceed their acquisition cost	(1) Stocks	1,231	1,499	(268)
	(2) Bonds			
	(i) Government bonds and local government bonds	–	–	–
	(ii) Corporate bonds	595	767	(171)
	(iii) Other	–	–	–
	(3) Other	507	698	(190)
	Subtotal	2,334	2,964	(630)
Total		51,764	16,595	35,168

Note: Unlisted stocks (carrying amount: ¥4,633 million) are not included in “Other securities” in the above table because they have no market prices and their fair values are deemed to be extremely difficult to determine.

FY2019 (As of March 31, 2019)

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	(1) Stocks	52,482	13,944	38,537
	(2) Bonds			
	(i) Government bonds and local government bonds	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	–	–	–
	(3) Other	222	212	10
	Subtotal	52,704	14,156	38,547
Securities whose carrying amount does not exceed their acquisition cost	(1) Stocks	1,151	1,489	(338)
	(2) Bonds			
	(i) Government bonds and local government bonds	–	–	–
	(ii) Corporate bonds	582	747	(165)
	(iii) Other	–	–	–
	(3) Other	457	549	(91)
	Subtotal	2,191	2,787	(595)
Total		54,896	16,943	37,952

Note: Unlisted stocks (carrying amount: ¥4,577 million) are not included in “Other securities” in the above table because they have no market prices and their fair values are deemed to be extremely difficult to determine.

## 2. Other securities sold

FY2020 (From April 1, 2019 to March 31, 2020)

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
(1) Stocks	1,132	841	–
(2) Bonds			
(i) Government bonds and local government bonds	–	–	–
(ii) Corporate bonds	–	–	–
(iii) Other	–	–	–
(3) Other	161	5	–
Total	1,294	846	–

FY2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
(1) Stocks	55	41	0
(2) Bonds			
(i) Government bonds and local government bonds	–	–	–
(ii) Corporate bonds	54	–	40
(iii) Other	–	–	–
(3) Other	148	3	–
Total	258	45	40

## 3. Securities subject to impairment

In the previous fiscal year, the Company recognized ¥55 million as impairment loss for securities. In the current fiscal year, the Company recognized ¥247 million as impairment loss for securities. When the fair value of securities as of the end of the fiscal year declines by greater than or equal to 50% compared to their cost, the Company recognizes impairment losses, and when such decline is between 30% and 50%, the Company recognizes impairment losses for the amount deemed necessary taking into consideration the possibility of a recovery in value. For securities whose fair value is deemed to be extremely difficult to determine, the Company recognizes impairment losses of securities for which actual value at the consolidated balance sheet date declines by greater than or equal to 50 % compared to the cost, in principle, except in cases where there is a possibility of recovery in value.

(Derivatives)

1. Derivatives for which hedge accounting is not applied

FY2020 (From April 1, 2019 to March 31, 2020)

Not applicable

FY2019 (From April 1, 2018 to March 31, 2019)

Not applicable

2. Derivatives for which hedge accounting is applied

(1) Currency-related transactions

FY2020 (As of March 31, 2020)

Hedge accounting	Type of transaction	Major hedged items	Contract amount, etc. (Millions of yen)	Contract amount, etc. over one year (Millions of yen)	Fair value (Millions of yen)
Deferred hedge accounting	Forward exchange contracts				
	Buy				
	USD	Accounts payable - trade	1,116	-	0
	EUR		246	-	0
	Sell				
	USD	Accounts receivable - trade	95	-	(1)
Total			1,459	-	0

Note: Calculation methods of fair value Valued at prices obtained from counterparty financial institutions and others.

FY2019 (As of March 31, 2019)

Hedge accounting	Type of transaction	Major hedged items	Contract amount, etc. (Millions of yen)	Contract amount, etc. over one year (Millions of yen)	Fair value (Millions of yen)
Deferred hedge accounting	Forward exchange contracts				
	Buy				
	USD	Accounts payable - trade	1,071	-	(1)
	EUR		185	-	(1)
	Sell				
	USD	Accounts receivable - trade	91	-	0
Total			1,348	-	(3)

Note: Calculation methods of fair value Valued at prices obtained from counterparty financial institutions and others.



(2) Interest rate-related transactions  
FY2020 (As of March 31, 2020)  
Not applicable

FY2019 (As of March 31, 2019)  
Not applicable

(Retirement benefits)

1. Overview of retirement benefit plan adopted by the Company

The Company and certain domestic consolidated subsidiaries have a defined benefit pension plan which includes a defined benefit corporate pension plan and a defined contribution plan, and the Company has established a retirement benefit trust. Certain other domestic consolidated subsidiaries have a retirement lump-sum plan as a defined benefit plan.

In the retirement lump-sum plan partially adopted by the domestic consolidated subsidiaries, liabilities for retirement benefits and retirement benefit cost are calculated using the simplified method.

Certain domestic consolidated subsidiaries are members of multi-employer corporate pension plans.

For such multi-employer plans whereby the amount of plan assets corresponding to the member companies' contributions cannot be calculated reasonably, the same accounting treatment as that for the defined contribution plan is applied.

Regarding the Restaurant Industry JF Social Pension Fund that some domestic consolidated subsidiaries had joined, after receiving authorization for the transfer of the substitution part of future periods from the Minister of Health, Labour and Welfare on April 1, 2018, the fund has been dissolved as of January 1, 2019, and liquidation procedures are currently being carried out. Additional expenses to be borne by the Company are not expected to arise due to the dissolution of the said fund.

2. Defined benefit plan

(1) Reconciliation of beginning and ending balances of retirement benefit obligations (excluding plans to which the simplified method is applied)

	(Millions of yen)	
	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
Balance of retirement benefit obligations at beginning of period	16,633	16,446
Service cost	871	860
Interest cost	116	114
Actuarial gain or loss	88	39
Retirement benefit paid	(902)	(811)
Other	0	(16)
Balance of retirement benefit obligations at end of period	16,807	16,633

(2) Reconciliation of beginning and ending balances of plan assets (excluding plans to which simplified method is applied)

	(Millions of yen)	
	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
Balance of plan assets at beginning of period	13,866	13,529
Expected return	232	206
Actuarial gain or loss	(1,098)	(381)
Employer's contribution	1,185	1,164
Retirement benefit payments	(713)	(653)
Balance of plan assets at end of period	13,472	13,866

(3) Reconciliation of beginning and ending balances of net defined benefit liability and net defined benefit asset relating to retirement benefit plans to which the simplified method is applied

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
Net defined benefit liability and net defined benefit asset at beginning of period	1,635	1,519
Retirement benefit expenses	271	242
Retirement benefit paid	(181)	(73)
Contributions to plans	(52)	(51)
Other	5	(1)
Net defined benefit liability and net defined benefit asset at end of period	1,679	1,635

(4) Reconciliation of ending balances of retirement benefit obligations and plan assets and retirement benefit liabilities and assets in the consolidated balance sheets

(Millions of yen)

	FY2020 (As of March 31, 2020)	FY2019 (As of March 31, 2019)
Retirement benefit obligation for funded plans	17,572	17,356
Plan assets	(14,248)	(14,605)
	3,323	2,751
Retirement benefit obligation for non-funded plans	1,690	1,651
Net liabilities and assets recorded on the consolidated balance sheets	5,013	4,402
Net defined benefit liability	5,212	4,494
Net defined benefit asset	(198)	(91)
Net liabilities and assets recorded on the consolidated balance sheets	5,013	4,402

Note: Figures include those for plans to which the simplified method is applied.

(5) Retirement benefit expenses and the breakdown

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
Service cost	871	860
Interest cost	116	114
Expected return	(232)	(206)
Amortization of actuarial gain or loss	59	327
Retirement benefit expenses based on simplified method	271	242
Other	—	(16)
Retirement benefit expenses relating to defined benefit plan	1,085	1,323

(6) Retirement benefits liability adjustments

Components of retirement benefits liability adjustments (before tax effect) are as follows:

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
Actuarial gain or loss	(1,128)	(93)

(7) Accumulated retirement benefits liability adjustments

Components of accumulated retirement benefits liability adjustments (before tax effect) are as follows:

(Millions of yen)

	FY2020 (As of March 31, 2020)	FY2019 (As of March 31, 2019)
Unrecognized actuarial gains and losses	1,732	604

(8) Matters relating to plan assets

(i) Major breakdown of plan assets

The ratio of major classes in the plan assets are as follows:

	FY2020 (As of March 31, 2020) (%)	FY2019 (As of March 31, 2019) (%)
Bonds	39	33
Stocks	30	36
General account	1	1
Other	30	30
Total	100	100

Note: The total plan assets include a retirement benefit trust established for the corporate pension plan, accounting for 24% of the total plan assets as of the end of the current fiscal year (30% as of the end of the previous fiscal year).

(ii) Method for determining long-term expected rate of return on plan assets

To determine a long-term expected rate of return on plan assets, the Company considers the allocations of current and expected plan assets and the current and expected long-term rates of return from various assets that constitute the plan assets.

(9) Matters relating to calculation basis for actuarial assumptions

Calculation basis for major actuarial assumptions

	FY2020 (As of March 31, 2020) (%)	FY2019 (As of March 31, 2019) (%)
Discount rate	Mainly 0.8	Mainly 0.8
Long-term expected rate of return on plan assets	0.0 - 2.5	0.0 - 2.5
Expected rate of salary increase	0.0 - 4.6	0.0 - 3.8

### 3. Defined contribution plan

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
Required contributions to defined contribution plan for consolidated subsidiaries	34	13

### 4. Multi-employer plans

FY2020 (From April 1, 2019 to March 31, 2020)

Not applicable

FY2019 (From April 1, 2018 to March 31, 2019)

Required contributions to the employees' pension fund (retirement benefit expenses) for multi-employer plans, which are treated similarly to defined contribution plan, totaled ¥6 million.

Regarding the Restaurant Industry JF Social Pension Fund that some domestic consolidated subsidiaries had joined, after receiving authorization for the transfer of the substitution part of future periods from the Minister of Health, Labour and Welfare on April 1, 2018, the fund has been dissolved as of January 1, 2019. As liquidation procedures are currently being carried out, this information has been omitted.

## (Stock options)

## 1. Corresponding account and amount of stock options charged as expenses

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
Selling, general and administrative expenses	77	83

## 2. Details, size and changes in stock options

## (1) Details of stock options

	2019 Stock Options	2018 Stock Options
Category and number of grantees	Directors of the Company; 12	Directors of the Company; 13
Number of stock options by type of shares (Note)	45,700 shares of common stock	46,900 shares of common stock
Grant date	July 29, 2019	July 25, 2018
Vesting conditions	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.
Vesting period	From July 1, 2019 to June 30, 2020	From July 1, 2018 to June 30, 2019
Exercise period	From July 30, 2019 to July 29, 2049	From July 26, 2018 to July 25, 2048

	2017 Stock Options	2016 Stock Options
Category and number of grantees	Directors of the Company; 13	Directors of the Company; 12
Number of stock options by type of shares (Note)	47,950 shares of common stock	51,700 shares of common stock
Grant date	July 26, 2017	July 27, 2016
Vesting conditions	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.
Vesting period	From July 1, 2017 to June 30, 2018	From July 1, 2016 to June 30, 2017
Exercise period	From July 27, 2017 to July 26, 2047	From July 28, 2016 to July 27, 2046

	2015 Stock Options	2014 Stock Options
Category and number of grantees	Directors of the Company; 11	Directors of the Company; 9
Number of stock options by type of shares (Note)	51,100 shares of common stock	61,700 shares of common stock
Grant date	July 23, 2015	July 24, 2014
Vesting conditions	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.
Vesting period	From July 1, 2015 to June 30, 2016	From July 1, 2014 to June 30, 2015
Exercise period	From July 24, 2015 to July 23, 2045	From July 25, 2014 to July 24, 2044

Note: The number of stock options represents the number of shares. As the Company conducted a 1-for-2 share consolidation on October 1, 2016, the number of shares reflects the amount after the share consolidation.

(2) Size and changes in stock options

The following describes the number of stock options that existed during FY2020 (fiscal year ended March 31, 2020). The number of stock options represents the number of shares.

(i) Number of stock options

	2019 Stock Options	2018 Stock Options	2017 Stock Options	2016 Stock Options	2015 Stock Options	2014 Stock Options
Before vesting (Shares)						
As of March 31, 2019	–	46,900	45,650	40,300	33,700	32,800
Granted	45,700	–	–	–	–	–
Forfeited	–	–	–	–	–	–
Vested	–	12,750	13,350	14,800	13,800	14,700
Unvested	45,700	34,150	32,300	25,500	19,900	18,100
After vesting (Shares)						
As of March 31, 2019	–	–	–	–	–	–
Vested	–	12,750	13,350	14,800	13,800	14,700
Exercised	–	12,750	13,350	14,800	13,800	14,700
Forfeited	–	–	–	–	–	–
Exercisable	–	–	–	–	–	–

Note: As the Company conducted a 1-for-2 share consolidation on October 1, 2016, the number of shares reflects the amount after the share consolidation.

(ii) Unit price information

	2019 Stock Options	2018 Stock Options	2017 Stock Options	2016 Stock Options	2015 Stock Options	2014 Stock Options
Exercise price (Yen)	1	1	1	1	1	1
Average price per share upon exercise (Yen)	–	1,793	1,793	1,793	1,793	1,793
Fair value per share at grant date (Yen)	1,658	1,798	1,667	1,512	1,590	1,008

Note: As the Company conducted a 1-for-2 share consolidation on October 1, 2016, per share price reflects the amount after the share consolidation.



3. Method for estimating the fair value of stock options

The method for estimating the fair value of the 2019 stock options granted in the current fiscal year is as follows:

(i) Valuation method: Black-Scholes Model

(ii) Main assumptions and estimation method:

	2019 Stock Options
Volatility of share price (Note 1)	19.4%
Estimated remaining outstanding period (Note 2)	Three years and four months
Estimated dividend (Note 3)	¥32 per share
Risk-free interest rate (Note 4)	(0.23)%

Notes: 1. Calculated based on the stock market performance for the three years and five months (from February 2016 to July 2019).

2. Estimated based on the average remaining service period for Directors at the allotment date of the stock options, which is based on the average service period of past Directors and the current service periods of incumbent Directors between their inauguration dates and the allotment date of stock options.

3. Dividend was estimated based on the actual dividends for the fiscal year ended March 31, 2019.

4. The yield on government bonds for the period corresponding to the estimated remaining outstanding period.

4. Method for estimating the number of stock options vested

Because it is difficult to reasonably estimate the number of stock options that will expire in the future, the number here reflects only stock options that have actually been forfeited.

## (Tax effect accounting)

## 1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	FY2020 (As of March 31, 2020)	FY2019 (As of March 31, 2019)
Deferred tax assets		
Tax loss carried forward (Note 1)	1,341	1,133
Non-deductible accrued enterprise tax	200	208
Accrued bonuses	549	509
Net defined benefit liability	2,492	2,654
Loss on valuation of securities	75	71
Unrealized gain on sales of fixed assets	926	936
Loss on valuation of non-current assets	303	302
Other	2,733	1,958
Subtotal deferred tax assets	8,620	7,774
Valuation allowance for tax loss carried forward (Note 1)	(1,298)	(926)
Valuation allowance for total future deductible temporary differences, etc.	(1,239)	(1,038)
Subtotal valuation allowance	(2,538)	(1,965)
Total deferred tax assets	6,082	5,808
Amount offset by deferred tax liabilities	4,515	4,041
Net deferred tax assets	1,567	1,767
Deferred tax liabilities		
Reserve for reduction entry	2,846	2,813
Unrealized holding gain (loss) on securities	10,763	11,617
Gain on contribution of securities to retirement benefit trust	435	436
Other	1,392	1,299
Subtotal deferred tax liabilities	15,439	16,168
Amount offset by deferred tax assets	4,515	4,041
Net deferred tax liabilities	10,923	12,126

Notes: 1. Tax loss carried forward and amount of said deferred tax assets by deferred deadline  
FY2020 (As of March 31, 2020)

(Millions of yen)

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Tax loss carried forward (*1)	133	92	137	123	41	812	1,341
Valuation allowance	(125)	(92)	(134)	(123)	(41)	(781)	(1,298)
Deferred tax assets	8	-	2	-	-	31	42

(\*1) Tax loss carried forward is the amount derived from multiplying by the effective statutory tax rate.

FY2019 (As of March 31, 2019)

(Millions of yen)

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Tax loss carried forward (*1)	135	108	43	63	5	777	1,133
Valuation allowance	(55)	(94)	(40)	(59)	(5)	(670)	(926)
Deferred tax assets	79	14	2	3	–	106	206

(\*1) Tax loss carried forward is the amount derived from multiplying by the effective statutory tax rate.

2. Significant components in the reconciliation of difference between the effective statutory tax rate and effective tax rate reflected in the consolidated financial statements

	FY2020 (As of March 31, 2020)	FY2019 (As of March 31, 2019)
	(%)	(%)
Effective statutory tax rate	30.6	–
(Adjustments)		
Entertainment expenses and other non-deductible permanent differences	0.8	–
Non-taxable permanent differences such as dividend income	(0.7)	–
Per capita inhabitant taxes	0.7	–
Special deductions from income tax	(1.5)	–
Effect of change in effective tax rate	–	–
Differences of tax rates at foreign subsidiaries	(0.4)	–
Other	3.1	–
Actual effective tax rate after tax effect accounting	32.6	–

Note: The note for the previous fiscal year is omitted as the difference between the effective statutory tax rate and the actual effective tax rate after tax effect accounting is equal to or less than 5% of the effective statutory tax rate.

(Business combination)

Not applicable

(Asset retirement obligations)

As of March 31, 2020

The Group recognizes liabilities relating to the restoration of real estate to its original state upon withdrawal from real estate based on real estate lease contracts for factories and others as asset retirement obligations. However, the description of this information has been omitted as the total amount of the obligations is immaterial.

As of March 31, 2019

The Group recognizes liabilities relating to the restoration of real estate to its original state upon withdrawal from real estate based on real estate lease contracts for factories and others as asset retirement obligations. However, the description of this information has been omitted as the total amount of the obligations is immaterial.

(Rental property and other real estate)

FY2020 (From April 1, 2019 to March 31, 2020)

The Group owns office buildings and other properties for rent (including land) in Tokyo and other areas. Income from the rental properties in the current fiscal year was ¥410 million (primary rental revenue is booked as net sales and primary rental expenses as cost of sales), and gain on sales of rental properties was ¥130 million (booked as non-operating income).

The carrying amount of the rental properties and its changes and fair value are as follows:

(Millions of yen)

Carrying amount on the consolidated balance sheets			Fair value at end of current period
Balance at beginning of current period	Changes during current period	Balance at end of current period	
3,536	4,336	7,873	24,287

- Notes: 1. The carrying amount on the consolidated balance sheets represents the acquisition cost less accumulated depreciation and accumulated impairment loss.
2. The increase in the carrying amount during the current fiscal year mainly consists of an increase of ¥4,621 million due to new acquisitions, and the decrease mainly consists of ¥146 million of depreciation and ¥139 million due to sales of properties.
3. The fair value of key properties at the end of the fiscal year is determined based on appraisal reports obtained from independent real estate appraisers and other information. For other less important properties, the fair value is determined based on certain appraisal values or relevant indexes that are deemed to properly reflect the market prices.

FY2019 (From April 1, 2018 to March 31, 2019)

The information has been omitted as the total amount of rental property and other real estate is immaterial.

(Public facility management)

Not applicable

(Segment information)

[Segment information]

1. Overview of reportable segments

The Group's reportable segments are group components which are regularly reviewed by the Board of Directors using the discrete financial information available to determine the allocation of management resources and evaluate business results.

The Group consists of three main business units classified by product types—Flour Milling, Food and Other. Each business unit formulates business strategies and promotes business activities. The Group has classified its operations into two reportable segments: Flour Milling and Food. The Flour Milling segment covers wheat flour, wheat bran, and buckwheat flour, while the Food segment covers wheat flour for home use, premixes, pasta, frozen foods, delicatessen foods, and rice flour.

2. Calculation methods of sales, income (loss), assets, liabilities and other items by reportable segment

The accounting methods used for reportable segments are the same as those described under “Basis of preparation of the consolidated financial statements.”

Profit figures of reportable segments are based on operating income. Inter-segment sales and transfers are based on prevailing market prices.

3. Information on sales, income (loss), assets, liabilities and other items by reportable segment

FY2020 (From April 1, 2019 to March 31, 2020)

	Reportable segments			Other	Total	Adjustments	Amounts recorded on consolidated financial statements
	Flour Milling	Food	Total				
Net sales							
Net sales to external customers	102,621	204,399	307,021	37,818	344,839	—	344,839
Internal sales or transfers between segments	2,137	627	2,764	2,086	4,851	(4,851)	—
Total	104,758	205,027	309,786	39,904	349,691	(4,851)	344,839
Segment income	5,657	4,865	10,522	547	11,070	31	11,101
Segment assets	106,318	105,149	211,468	23,640	235,108	55,320	290,428
Other items							
Depreciation	2,994	3,912	6,907	1,128	8,036	338	8,375
Increase in property, plant and equipment and intangible assets	3,133	5,772	8,905	4,803	13,709	(117)	13,592

- Notes:
1. The “Other” column indicates businesses not included in the reportable segments, including pet food, health food, engineering and real estate leasing.
  2. Segment income adjustment of ¥31 million includes elimination of inter-segment transactions and corporate expenses.
  3. Corporate assets included in adjustments of segment assets amounted to ¥56,549 million and mainly comprise the Company's surplus funds (cash and deposits, and securities) and property, plant and equipment concerning administrative departments.
  4. Adjustments amounting to ¥117 million for the increase in property, plant and equipment and intangible assets mainly relate to capital investment by the administrative departments and elimination of inter-segment transactions.
  5. Segment income is adjusted to reconcile total segment income to operating income on the consolidated financial statements.
  6. Depreciation expenses and an increase in property, plant and equipment and intangible assets include an increase in

long-term prepaid expenses and amortization thereof.

7. Different criteria are applied for allocation of non-current assets to each segment and for allocation of relevant depreciation expenses to each segment, respectively.

FY2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments			Other	Total	Adjustments	Amounts recorded on consolidated financial statements
	Flour Milling	Food	Total				
Net sales							
Net sales to external customers	102,736	195,696	298,432	36,966	335,399	–	335,399
Internal sales or transfers between segments	1,798	789	2,587	6,886	9,474	(9,474)	–
Total	104,534	196,485	301,020	43,853	344,874	(9,474)	335,399
Segment income	5,538	5,221	10,760	439	11,200	21	11,222
Segment assets	111,078	103,721	214,799	19,958	234,757	58,634	293,392
Other items							
Depreciation	2,894	3,318	6,213	885	7,099	328	7,428
Increase in property, plant and equipment and intangible assets	3,887	10,819	14,707	1,505	16,213	69	16,282

- Notes:
1. The “Other” column indicates businesses not included in the reportable segments, including pet food, health food, engineering and real estate leasing.
  2. Segment income adjustment of ¥21 million includes elimination of inter-segment transactions and corporate expenses.
  3. Corporate assets included in adjustments of segment assets amounted to ¥59,889 million and mainly comprise the Company’s surplus funds (cash and deposits, and securities) and property, plant and equipment concerning administrative departments.
  4. Adjustments amounting to ¥69 million for the increase in property, plant and equipment and intangible assets mainly relate to capital investment by the administrative departments and elimination of inter-segment transactions.
  5. Segment income is adjusted to reconcile total segment income to operating income on the consolidated financial statements.
  6. Depreciation expenses and an increase in property, plant and equipment and intangible assets include an increase in long-term prepaid expenses and amortization thereof.
  7. Different criteria are applied for allocation of non-current assets to each segment and for allocation of relevant depreciation expenses to each segment, respectively.

[Related information]

FY2020 (From April 1, 2019 to March 31, 2020)

1. Information by product and service

This information has been omitted as the same information is disclosed in Segment information.

2. Information by geographical area

(1) Net sales

This information has been omitted as net sales to external customers in Japan account for more than 90% of net sales recorded on the consolidated statement of income.

(2) Property, plant and equipment

This information has been omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

Name of customer	Net sales (Millions of yen)	Name of related segment
FamilyMart Co., Ltd.	50,479	Food
ITOCHU Corporation	43,722	Flour Milling and Food

FY2019 (From April 1, 2018 to March 31, 2019)

1. Information by product and service

This information has been omitted as the same information is disclosed in Segment information.

2. Information by geographical area

(1) Net sales

This information has been omitted as net sales to external customers in Japan account for more than 90% of net sales recorded on the consolidated statement of income.

(2) Property, plant and equipment

This information has been omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

Name of customer	Net sales (Millions of yen)	Name of related segment
FamilyMart Co., Ltd.	49,688	Food
ITOCHU Corporation	42,738	Flour Milling and Food

[Information on impairment loss on non-current assets by reportable segment]  
 FY2020 (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Flour Milling	Food	Other (Note)	Adjustments and elimination	Total
Impairment loss	–	–	33	–	33

Note: The amounts in “Other” are those relating to the restaurant business and others.

FY2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Flour Milling	Food	Other (Note)	Adjustments and elimination	Total
Impairment loss	23	–	–	–	23

Note: The amounts in “Other” are those relating to the restaurant business and others.

[Information on amortization and balance of goodwill by reportable segment]

FY2020 (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Flour Milling	Food	Other (Note)	Adjustments and elimination	Total
Amortization during current period	–	49	62	–	112
Balance at end of current period	–	136	377	–	514

Note: The amounts in “Other” are those relating to the restaurant business and others.

FY2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Flour Milling	Food	Other (Note)	Adjustments and elimination	Total
Amortization during current period	12	49	88	–	150
Balance at end of current period	–	186	436	–	622

Note: The amounts in “Other” are those relating to the restaurant business and others.

[Information on gain on bargain purchase by reportable segment]

FY2020 (From April 1, 2019 to March 31, 2020)

Not applicable

FY2019 (From April 1, 2018 to March 31, 2019)

Not applicable



[Related parties]

FY2020 (From April 1, 2019 to March 31, 2020)

Not applicable

FY2019 (From April 1, 2018 to March 31, 2019)

Not applicable

(Per share information)

(Yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
Net assets per share	2,006.14	1,961.17
Basic profit per share	116.71	108.78
Fully diluted profit per share	101.82	97.07

Note: Basis for the calculation of basic profit per share and fully diluted profit per share is as follows:

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2019 (From April 1, 2018 to March 31, 2019)
Basic profit per share		
Profit attributable to owners of parent (Millions of yen)	8,941	8,455
Amount not attributable to common shareholders (Millions of yen)	—	—
Amount pertaining to common stock (Millions of yen)	8,941	8,455
Average number of shares of common stock in the fiscal year (Thousands of shares)	76,617	77,733
Fully diluted profit per share		
Adjustments on profit attributable to owners of parent (Millions of yen)	(12)	(10)
<of which interest income (after deducting the amount equivalent to tax) (Millions of yen)>	[(12)]	[(10)]
Increase in common stock (Thousands of shares)	11,081	9,262
Summary of residual securities not included in calculation of fully diluted profit per share due to non dilutive effect	—	—

(Significant subsequent events)

Not applicable

(v) Consolidated supplemental schedules  
(Schedule of bonds payable)

Company name	Security titles	Issue date	Balance at beginning of current period (Millions of yen)	Balance at end of current period (Millions of yen)	Interest rate (%)	Collateral	Maturity
Nippon Flour Mills Co., Ltd.	4th Series of Unsecured Straight Bonds	April 19, 2013	5,000	5,000 (5,000)	0.524	None	April 17, 2020
Same as above	Euro-yen denominated convertible bond-type bonds with share acquisition rights due 2025 (Note 3)	June 22, 2018	25,110	25,092	–	None	June 20, 2025
Total	–	–	30,110	30,092	–	–	–

Notes: 1. The figure in the parentheses indicates bonds payable due within one year.

2. Repayment schedule for five years after the consolidated balance sheet date is as follows:

(Millions of yen)

Due within one year	Due after one year within two years	Due after two years within three years	Due after three years within four years	Due after four years within five years
5,000	–	–	–	–

3. Information regarding bonds with share acquisition rights are as follows:

Security titles	Euro-yen denominated convertible bond-type bonds with share acquisition rights due 2025
Shares to be issued	Common stock
Issue price of stock acquisition rights (Yen)	Free of charge
Issue price of shares (Yen)	2,293.5
Aggregate amount of issue price (Millions of yen)	25,000
Aggregate amount of issue price of shares issued through the exercise of stock acquisition rights (Millions of yen)	–
Ratio of stock acquisition rights granted (%)	100
Exercise period of stock acquisition rights	July 6, 2018 to June 6, 2025

Note: When exercising each stock acquisition right, the bond regarding the stock acquisition right shall be funded.  
The price of the bond shall be equal to the face value of the bond.

## (Schedule of borrowings)

Category	Balance at beginning of current period (Millions of yen)	Balance at end of current period (Millions of yen)	Average interest rate (%)	Repayment date
Short-term loans payable	16,925	18,593	0.46	–
Current portion of long-term loans payable	2,275	2,231	0.44	–
Current portion of lease obligations	199	160	–	–
Long-term loans payable (excluding current portion)	12,041	12,418	0.35	2021 – 2031
Lease obligations (excluding current portion)	421	437	–	2021 – 2029
Other interest-bearing debt	–	–	–	–
Total	31,863	33,842	–	–

Notes: 1. Repayment schedule for long-term loans payable and lease obligations (excluding current portion) for five years after the consolidated balance sheet date is as follows:

	(Millions of yen)			
	Due after one year within two years	Due after two years within three years	Due after three years within four years	Due after four years within five years
Long-term loans payable	1,674	1,534	2,334	2,410
Lease obligations	139	105	61	51

- Average interest rates are computed using interest rates at the end of the fiscal year.
- Average interest rates on lease obligations are not provided because the lease obligations stated in the consolidated balance sheet represent the amounts with interest equivalents not deducted from the total lease payments.

## (Schedule of asset retirement obligations)

The amount of asset retirement obligations at the beginning and at the end of the current fiscal year was not more than 1/100 of the amount of total liabilities and net assets at the beginning and at the end of the current fiscal year. Consequently, pursuant to Article 92-2 of the Regulations for Consolidated Financial Statements, this information has been omitted.