



## Consolidated Financial Results for FY2021 and Forecast for FY2022 [J-GAAP]

May 14, 2021

Listed company name: **NIPPON CORPORATION**  
 Listing: The 1st section of Tokyo Stock Exchange  
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 Date of the general meeting of shareholders: June 29, 2021  
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\*Amounts less than one million yen have been rounded down.

### 1. Consolidated financial results for the year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

#### (1) Consolidated operating results

(Millions of yen, percentage figures indicate changes from the previous year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
FY2021	329,566	(4.4)%	10,331	(6.9)%	12,620	(0.9)%	8,608	(3.7)%
FY2020	344,839	2.8%	11,101	(1.1)%	12,740	(2.5)%	8,941	5.8%

(Note) Comprehensive income: FY2021: ¥13,294 million (103.9%) FY2020: ¥6,520 million (-10.2%)

	Profit per Share (Yen)	Fully Diluted Profit per Share (Yen)	ROE (%)	Ordinary Income to Total Assets (%)	Operating Income to Net Sales (%)
FY2021	112.27	97.94	5.4	4.2	3.1
FY2020	116.71	101.82	5.9	4.4	3.2

(Reference) Equity in earnings of affiliated companies: FY2021: ¥200 million FY2020: ¥256 million

#### (2) Consolidated financial position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
FY2021	308,017	169,126	53.3	2,141.91
FY2020	290,428	158,581	52.9	2,006.14

(Reference) Equity capital: FY2021: ¥164,266 million FY2020: ¥153,727 million

#### (3) Consolidated cash flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the Year
FY2021	14,804	(12,585)	2,553	35,320
FY2020	15,532	(14,130)	(759)	31,012

### 2. Dividends

	Dividends per Share (Yen)					Total Amount of Cash Dividends (Millions of yen)	Dividend Payout Ratio (Consolidated) (%)	Dividends on Net Assets (Consolidated) (%)
	1Q-end	2Q-end	3Q-end	Year-end	Full Year			
FY2020	—	16.00	—	18.00	34.00	2,611	29.1	1.7
FY2021	—	17.00	—	19.00	36.00	2,767	32.1	1.7
FY2022 (Forecast)	—	18.00	—	18.00	36.00		30.7	

(Note) Breakdown of year-end dividends for FY2021: Ordinary dividend of ¥17.00 and commemorative dividend of ¥2.00 (commemorating change of the company name)

### 3. Forecast of consolidated business results for FY2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen, percentage figures show the rate of changes from the same period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Profit per Share (Yen)
Half Year	158,000	—%	5,000	—%	5,700	—%	3,800	—%	49.55
Full Year	320,000	—%	11,100	—%	12,700	—%	9,000	—%	117.35

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) will be applied from the beginning of the fiscal year ending March 31, 2022. Accordingly, the above forecasts are based on the application of the said standard. Therefore, percentage changes from the same period of the previous year are not presented.

\* Notes

(1) Significant changes in subsidiaries during the term (changes in specified subsidiaries in accordance with changes in the scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and retrospective restatements

- |   |      |
|---|------|
| 1) Changes in accounting policies due to revisions of accounting standards: | None |
| 2) Changes other than 1):   | None |
| 3) Change in accounting estimates:  | None |
| 4) Retrospective restatements:  | None |

(3) Number of shares issued and outstanding (common stock)

1) Number of shares outstanding at the end of each period (including treasury shares):	FY2021	78,824,009 shares	FY2020	78,824,009 shares
2) Number of treasury shares at the end of each period:	FY2021	2,093,223 shares	FY2020	2,157,266 shares
3) Average number of shares:	FY2021	76,680,700 shares	FY2020	76,617,318 shares

\* These consolidated financial results are outside the scope of audit.

\* Explanation regarding the appropriate use of projected financial results and other special instructions

Descriptions regarding the future, including the financial outlook contained in this material, are based on certain information currently available to the Company and particular assumptions, which are, at the discretion of the Company, deemed reasonable, and actual financial results may significantly vary due to various factors. Please refer to “1. Overview of Financial Results (1) Overview of business results for the fiscal year under review 2) Future outlook” on page 4 for information on preconditions underlying the above outlook and other related information.

## Contents

1. Overview of Financial Results .....	2
(1) Overview of business results for the fiscal year under review .....	2
(2) Overview of financial position for the fiscal year under review .....	5
(3) Basic policy on profit distribution and dividends for the year ended March 31, 2021 and the year ending March 31, 2022 .....	7
2. Basic Approach to the Selection of Accounting Standards .....	7
3. Consolidated Financial Statements .....	8
(1) Consolidated balance sheets .....	8
(2) Consolidated statements of income and comprehensive income .....	10
(Consolidated statements of income) .....	10
(Consolidated statements of comprehensive income) .....	12
(3) Consolidated statements of changes in net assets .....	13
(4) Consolidated statements of cash flows .....	15
(Segment information, etc.) .....	17
(Per share information) .....	19

## 1. Overview of Financial Results

### (1) Overview of business results for the fiscal year under review

#### 1) Business results for the fiscal year under review

(Millions of yen)

	Fiscal 2020	Fiscal 2021	Difference	Change
Net sales	344,839	329,566	(15,273)	95.6%
Operating income	11,101	10,331	(770)	93.1%
Ordinary income	12,740	12,620	(120)	99.1%
Profit attributable to owners of parent	8,941	8,608	(333)	96.3%

During the fiscal year ended March 31, 2021, the Japanese economy was greatly affected by the COVID-19 pandemic. Repeated implementation of measures to prevent the spread of COVID-19 infection has been affecting economic activities and prospects for the Japanese economy have remained uncertain.

The business environment of the food industry has changed significantly, including voluntary suspension of operation or shorter hours of operation in the restaurant sector, growth of delivery services and an increase in eating at home, and an increase in demand for products for consumption at home as people refrain from going out. The situation remains unpredictable.

Meanwhile, the Group maintained sustainable growth as a multifaceted food enterprise. We strove to strengthen our business foundation by adopting a flexible approach in an unprecedented business environment. We reinforced the existing business by reducing costs and beefing up sales while, at the same time, made vigorous investment in promising fields.

During the fiscal year under review, the Company promoted reinforcement and expansion of its food business in Japan and abroad. For example, construction of a new premix plant at the Fukuoka Mill was completed in October 2020 and the second frozen food plant at the Company's Isesaki Plant (former Isesaki Plant of NIPPN Frozen Food Co., Ltd.) and a frozen dough plant of NIPPN (Thailand) Co., Ltd. were completed in November.

While thoroughly implementing measures to prevent the spread of COVID-19 infection and according the top priority to customers' safety and security and employees' health, the Group has maintained a business system that allows continuation of production at all its plants in Japan and abroad as one aspect of the Group's efforts to fulfill its social responsibility as a food enterprise.

Furthermore, the Company changed its company name to NIPPN CORPORATION on January 1, 2021. Ever since the foundation in 1896, we have been promoting business diversification, which in recent decades has led us from the flour milling business into food, ready-made meals, and healthcare. Aspiring to achieve further growth as a multifaceted food enterprise by addressing more extensive business fields, the Company changed its name, signaling its determination to accomplish a transformation to mark its 125th anniversary.

Reflecting the impact of the COVID-19 pandemic, consolidated net sales for the fiscal year under review decreased by 4.4% year on year to ¥329,566 million, operating income decreased by 6.9% to ¥10,331 million, ordinary income decreased by 0.9% to ¥12,620 million, and profit attributable to owners of parent decreased by 3.7% to ¥8,608 million.

The performance of individual business segments was as follows.

### **Flour Milling**

(Millions of yen)

	Fiscal 2020	Fiscal 2021	Difference	Change
Net sales	102,621	97,653	(4,968)	95.2%
Operating income	5,657	5,102	(555)	90.2%

The Group is strengthening quality control in response to the growing preoccupation with the safety and security of food throughout society. At the same time, to address diverse customer needs, the Group promoted sales initiatives with a view to resolving the issues that concern customers, utilizing the technologies the Group has cultivated over the years.

Despite operating in an environment in which the impact of COVID-19 was expanding, we strove to strengthen initiatives in partnership with customers and enhance sales capabilities and brand power, and promoted sales activities. However, sales of wheat flour were lower than the level for the previous year, affected by sluggish demand mainly in the restaurant sector, the lack of inbound demand, and the price revision made in January 2020. Sales of wheat bran, a by-product, were higher than the level for the previous year.

In line with the increase of government sales prices (tax inclusive) of imported wheat by 3.1% on average for the five key products in April 2020 and the decrease by 4.3% in October 2020, we revised the prices of our products in June 2020 and January 2021, respectively.

As a result, net sales for the Flour Milling segment decreased by 4.8% year on year to ¥97,653 million, and operating income decreased by 9.8% to ¥5,102 million.

### **Food**

(Millions of yen)

	Fiscal 2020	Fiscal 2021	Difference	Change
Net sales	204,399	196,514	(7,885)	96.1%
Operating income	4,865	4,264	(600)	87.7%

In the professional-use category, demand was sluggish, centering on the restaurant sector, reflecting the government's request for people to stay at home and for the operation of various businesses to be suspended following the declaration of a state of emergency as well as the introduction of shorter opening hours, the cancellation of large-scale events, and other developments. Moreover, the COVID-19 pandemic changed consumer behavior. As a result, sales of products in the professional-use category were lower than the level for the previous year.

On the other hand, in the home-use product category, the government's request for people to stay at home led to an increase in demand for products for consumption at home. As a result, there was brisk demand for home-use premixes, pasta, and pasta sauces, and sales of products in the home-use product category were higher than the level for the previous year.

Significant changes in consumer behavior were evident with regard to home-use frozen foods, too, as demand for products for consumption at home grew. As a result, there was brisk demand for the Oh' my Premium series of frozen pasta and for the One Plate Meal series of complete meals consisting of a main dish and staples, and sales of products in the home-use frozen foods category were higher than the level for the previous year.

In the ready-made meals business, sales were lower than the level for the previous year, greatly affected by a decrease in customer traffic at convenience stores in line with the spread of COVID-19 infection.

As a result, net sales of the Food segment decreased by 3.9% year on year to ¥196,514 million, and operating income decreased by 12.3% to ¥4,264 million.

**Other**

(Millions of yen)

	Fiscal 2020	Fiscal 2021	Difference	Change
Net sales	37,818	35,398	(2,419)	93.6%
Operating income	547	1,034	486	188.9%

Sales of the engineering business were lower than the level for the previous year, reflecting stabilization of inquiries for large projects.

Sales of the pet food business were higher than the level for the previous year because shipped volume grew briskly.

As a result, net sales for the Other segment decreased by 6.4% year on year to ¥35,398 million, while operating income increased by 88.9% to ¥1,034 million.

**2) Future outlook**

Despite some promising signs, such as the start of vaccination against COVID-19, the outlook for the Japanese economy is expected to become more unpredictable in view of concerns about the spread of variants.

In the food industry, radical change in consumer behavior is expected to continue, such as mounting demand for products associated with the “new normal” and of products for consumption at home.

In these circumstances, while continuing to exercise due care and implementing measures to prevent infection of customers and employees, the Group will strive to ensure a stable supply of food as part of efforts to fulfill its social responsibility

The Company merged with Tofuku Flour Mills Co., Ltd. on April 1, 2021. As a result, Tofuku Flour Mills became NIPPN’s Fukuoka Nanotsu Plant and the Company’s flour milling business now has eight plants in Japan. Through greater efficiency of manufacturing and logistics, we intend to further strengthen competitiveness.

Moreover, in response to rapidly expanding demand in the frozen foods market, the Company implemented structural reform of its frozen foods business on April 1, 2021 to strengthen the business. Specifically, production facilities were transferred from NIPPN Frozen Food Co., Ltd. to the Company to enable the Company to directly engage in production and the Company established the Frozen Foods Business Department.

While strengthening the Group’s organizational structure that contributes to safety and security of consumers and stable supply, NIPPN CORPORATION aims to achieve further growth as a multifaceted food enterprise.

For the year ending March 31, 2022, management forecasts consolidated net sales of ¥320.0 billion, operating income of ¥11.1 billion, ordinary income of ¥12.7 billion, and profit attributable to owners of parent of ¥9.0 billion. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) will be applied from the beginning of the fiscal year ending March 31, 2022. Accordingly, the above forecasts are based on the application of the said standard.

**(2) Overview of financial position for the fiscal year under review****1) Assets, liabilities and net assets**

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Difference
Current assets	114,534	117,900	3,365
Non-current assets	175,832	190,067	14,234
Deferred assets	61	49	(12)
Total assets	290,428	308,017	17,588
Current liabilities	74,078	69,661	(4,417)
Non-current liabilities	57,768	69,230	11,461
Total liabilities	131,847	138,891	7,044
Total net assets	158,581	169,126	10,544
Total liabilities and net assets	290,428	308,017	17,588

Total assets at the end of fiscal 2021 increased by ¥17,588 million from the previous fiscal year end (March 31, 2020) to ¥308,017 million. This was mainly because property, plant and equipment, investment securities, cash and deposits, and merchandise and finished goods increased by ¥7,283 million, ¥4,284 million, ¥3,656 million, and ¥1,388 million, respectively.

Total liabilities increased by ¥7,044 million from the previous fiscal year end to ¥138,891 million. This was mainly because loans payable increased by ¥11,326 million, and bonds payable decreased by ¥4,464 million.

Net assets increased by ¥10,544 million from the previous fiscal year end to ¥169,126 million. This was mainly because retained earnings and unrealized holding gain (loss) on securities increased by ¥5,917 million and ¥3,325 million, respectively.

**2) Cash flows**

(Millions of yen)

	Fiscal 2020	Fiscal 2021	Difference
Cash flows from operating activities	15,532	14,804	(727)
Cash flows from investing activities	(14,130)	(12,585)	1,544
Cash flows from financing activities	(759)	2,553	3,313
Effect of exchange rate changes on cash and cash equivalents	113	(145)	(259)
Net increase (decrease) in cash and cash equivalents	755	4,627	3,871
Increase in cash and cash equivalents from newly consolidated subsidiary	171	–	(171)
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(319)	(319)
Cash and cash equivalents at end of period	31,012	35,320	4,308

As of March 31, 2021, the balance of cash and cash equivalents stood at ¥35,320 million, an increase of ¥4,308 million compared with the end of the previous fiscal year. The conditions of cash flows were as follows.

**(Cash flows from operating activities)**

Net cash provided by operating activities amounted to ¥14,804 million. This mainly reflected ¥13,009 million for profit before income taxes, ¥8,981 million for depreciation, and ¥4,162 million for income taxes paid.

**(Cash flows from investing activities)**

Net cash used in investing activities amounted to ¥12,585 million. This mainly reflected spending of ¥15,828 million for purchase of fixed assets.

**(Cash flows from financing activities)**

Net cash provided by financing activities amounted to ¥2,553 million. The main factors were proceeds from loans payable amounting to ¥5,538 million and cash dividends paid amounting to ¥2,689 million.



**—Cash flow indicator trends—**

	FY2017	FY2018	FY2019	FY2020	FY2021
Equity ratio (%)	56.8	56.0	51.2	52.9	53.3
Equity ratio at market value (%)	52.3	48.4	49.6	44.5	41.3
Ratio of interest-bearing debt to cash flows (%)	223.7	293.1	212.4	246.2	304.7
Interest coverage ratio (times)	60.2	56.4	71.3	73.1	71.7

Note: Equity ratio: (Net assets – Minority interests) / Total assets

Equity ratio at market value: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows from operating activities / Interest expense

- \* The consolidated financial figures constitute the basis for calculating these indicators.
- \* Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of shares outstanding at the end of the period (after the deduction of treasury shares).
- \* The basis for calculating the ratio of interest-bearing debt to cash flows is cash flows from operating activities in the consolidated statements of cash flows.
- \* Interest-bearing debt includes all debts recorded on the consolidated balance sheets on which interest is paid.
- \* The basis for interest expense is the amount of interest paid recorded in the consolidated statements of cash flows.

### **(3) Basic policy on profit distribution and dividends for the year ended March 31, 2021 and the year ending March 31, 2022**

The Company's basic policy on profit distribution is to continue to pay stable dividends while maintaining adequate internal reserves in light of the need to strengthen the corporate structure, prepare for future business development, and respond to change in the operating environment. At the same time, management considers returning profits to shareholders to be an important management issue. We intend to use free cash flow from a long-term perspective, taking into consideration investment efficiency. As well as using free cash flow to invest in order to enhance corporate value, which is our priority, for example through the expansion of the existing core businesses and the cultivation of new businesses, we intend to flexibly conduct share buybacks as a means of returning profit to shareholders.

As announced on February 4, 2021, we intend to pay a year-end dividend of ¥19 per share, including a ¥2 per share commemorative dividend marking the change of the company name, which is an expression of our appreciation to shareholders for their support over the years. The total cash dividends for the full year will amount to ¥36 per share, including the interim dividend paid.

With regard to cash dividends for the year ending March 31, 2022, the Company plans to pay total cash dividends of ¥36 per share for the full year.

Furthermore, the Company has a shareholder benefit program designed to facilitate shareholders' understanding of the Group's products and to earn their support.

## **2. Basic Approach to the Selection of Accounting Standards**

The Group intends to prepare consolidated financial statements in conformity with the accounting principles and practices generally accepted in Japan (Japanese GAAP) for the time being, taking into consideration comparability of consolidated financial statements over time and comparability among companies.

The Group's policy is to respond to the application of the International Financial Reporting Standards (IFRS) in an appropriate manner, taking into consideration situations in Japan and abroad.

**3. Consolidated Financial Statements****(1) Consolidated balance sheets**

(Millions of yen)

	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	33,829	37,486
Notes and accounts receivable - trade	44,928	42,353
Merchandise and finished goods	14,977	16,365
Work in process	301	219
Raw materials and supplies	16,717	17,394
Other current assets	3,916	4,141
Allowance for doubtful accounts	(136)	(59)
Total current assets	114,534	117,900
Non-current assets		
Property, plant and equipment		
Buildings and structures	98,884	105,844
Accumulated depreciation	(56,800)	(59,911)
Buildings and structures, net	42,084	45,932
Machinery, equipment and vehicles	119,288	124,205
Accumulated depreciation	(99,142)	(102,513)
Machinery, equipment and vehicles, net	20,146	21,692
Land	40,605	40,269
Construction in progress	2,199	3,814
Other	12,119	13,278
Accumulated depreciation	(10,196)	(10,746)
Other, net	1,922	2,531
Total property, plant and equipment	106,957	114,240
Intangible assets	1,624	2,858
Investments and other assets		
Investment securities	61,525	65,809
Long-term loans receivable	57	39
Deferred tax assets	1,567	1,653
Retirement benefit asset	198	1,202
Other	4,532	4,727
Allowance for doubtful accounts	(631)	(464)
Total investments and other assets	67,249	72,967
Total non-current assets	175,832	190,067
Deferred assets	61	49
Total assets	290,428	308,017

(Millions of yen)

	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	27,115	25,931
Short-term loans payable	20,824	22,388
Current portion of bonds	5,000	–
Income taxes payable	2,473	2,371
Accrued expenses	13,402	13,111
Provision for bonuses	710	690
Other current liabilities	4,552	5,167
Total current liabilities	74,078	69,661
Non-current liabilities		
Bonds payable	–	536
Convertible bond-type bonds with subscription rights to shares	25,092	25,074
Long-term loan payable	12,418	22,181
Deferred tax liabilities	10,923	13,336
Retirement benefit liability	5,212	3,747
Accrued retirement benefits for directors	873	809
Other non-current liabilities	3,248	3,544
Total non-current liabilities	57,768	69,230
Total liabilities	131,847	138,891
<b>Net assets</b>		
Shareholders' equity		
Capital stock	12,240	12,240
Capital surplus	11,262	11,308
Retained earnings	109,507	115,424
Treasury shares	(3,422)	(3,317)
Total shareholders' equity	129,587	135,656
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	24,444	27,770
Deferred gain (loss) on hedges	0	37
Foreign currency translation adjustment	961	493
Retirement benefit liability adjustments	(1,267)	308
Total accumulated other comprehensive income	24,139	28,610
Subscription rights to shares	260	234
Non-controlling interests	4,593	4,624
Total net assets	158,581	169,126
Total liabilities and net assets	290,428	308,017

**(2) Consolidated statements of income and comprehensive income**  
**(Consolidated statements of income)**

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2021 (From April 1, 2020 to March 31, 2021)
Net sales	344,839	329,566
Cost of sales	247,264	233,885
Gross profit	97,575	95,681
Selling, general and administrative expenses		
Freight, sales commission and other expenses	46,675	46,707
Provision of allowance for doubtful accounts	0	-
Salaries and allowances	20,700	20,960
Retirement benefit expenses	788	942
Depreciation	1,178	1,327
Other	17,130	15,411
Total selling, general and administrative expenses	86,473	85,349
Operating income	11,101	10,331
Non-operating income		
Interest income	102	107
Dividend income	1,526	1,517
Rent income on fixed assets	158	151
Share of profit of entities accounted for using equity method	256	200
Foreign exchange gains	-	14
Other	379	1,053
Total non-operating income	2,422	3,046
Non-operating expenses		
Interest expenses	210	185
Cost of rent income	53	63
Foreign exchange losses	64	-
Other	455	508
Total non-operating expenses	783	757
Ordinary income	12,740	12,620
Extraordinary income		
Gain on sales of fixed assets	279	370
Gain on sales of investment securities	841	891
Compensation for expropriation	488	-
Gain on step acquisitions	-	485
Total extraordinary income	1,609	1,746

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2021 (From April 1, 2020 to March 31, 2021)
Extraordinary expenses		
Loss on sales and disposal of fixed assets	112	101
Impairment loss	33	576
Loss of valuation of investment securities	247	73
Demolition expenses	72	20
Expenses for change of the corporate brand logo and related items	397	–
Company name change cost	–	297
Other	99	287
Total extraordinary losses	962	1,357
Profit before income taxes	13,386	13,009
Income taxes - current	4,164	3,994
Income taxes - deferred	205	272
Total income taxes	4,369	4,266
Profit	9,016	8,743
Profit attributable to non-controlling interests	74	134
Profit attributable to owners of parent	8,941	8,608

**(Consolidated statements of comprehensive income)**

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2021 (From April 1, 2020 to March 31, 2021)
Profit	9,016	8,743
Other comprehensive income (loss)		
Unrealized holding gain (loss) on securities	(1,929)	3,432
Deferred gain (loss) on hedges	2	37
Foreign currency translation adjustment	269	(469)
Retirement benefit liability adjustments	(772)	1,567
Share of other comprehensive income of entities accounted for using equity method	(67)	(15)
Total other comprehensive income (loss)	(2,496)	4,551
Comprehensive income	6,520	13,294
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	6,459	13,153
Comprehensive income attributable to non-controlling interests	61	141

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

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity
Balance at beginning of current period	12,240	11,262	103,682	(3,536)	123,648
Changes of items during period					
Dividends of surplus			(2,533)		(2,533)
Profit attributable to owners of parent			8,941		8,941
Change of scope of consolidation			(573)		(573)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(9)	114	104
Change in treasury shares of parent arising from transactions with non-controlling shareholders		0			0
Net changes of items other than shareholders' equity					
Total changes of items 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 benefit 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 of items during period								
Dividends of surplus								(2,533)
Profit attributable to owners of parent								8,941
Change of scope of consolidation								(573)
Purchase of treasury shares								(0)
Disposal of treasury shares								104
Change in treasury shares of parent arising from transactions with non-controlling shareholders								0
Net changes of items other than shareholders' equity	(1,979)	2	389	(771)	(2,359)	(26)	41	(2,344)
Total changes of items 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

**FY2021 (From April 1, 2020 to March 31, 2021)**

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity
Balance at beginning of current period	12,240	11,262	109,507	(3,422)	129,587
Changes of items during period					
Dividends of surplus			(2,689)		(2,689)
Profit attributable to owners of parent			8,608		8,608
Change of scope of consolidation					–
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(2)	105	103
Change in treasury shares of parent arising from transactions with non-controlling shareholders		45			45
Net changes of items other than shareholders' equity					
Total changes of items during period	–	45	5,917	105	6,068
Balance at end of current period	12,240	11,308	115,424	(3,317)	135,656

	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 benefit liability adjustments	Total accumulated other comprehensive income			
Balance at beginning of current period	24,444	0	961	(1,267)	24,139	260	4,593	158,581
Changes of items during period								
Dividends of surplus								(2,689)
Profit attributable to owners of parent								8,608
Change of scope of consolidation								–
Purchase of treasury shares								(0)
Disposal of treasury shares								103
Change in treasury shares of parent arising from transactions with non-controlling shareholders								45
Net changes of items other than shareholders' equity	3,325	37	(467)	1,576	4,471	(26)	31	4,476
Total changes of items during period	3,325	37	(467)	1,576	4,471	(26)	31	10,544
Balance at end of current period	27,770	37	493	308	28,610	234	4,624	169,126



**(4) Consolidated statements of cash flows**

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2021 (From April 1, 2020 to March 31, 2021)
<b>Operating activities</b>		
Profit before income taxes	13,386	13,009
Depreciation	8,375	8,981
Increase (decrease) in net retirement benefit asset/liability	(577)	(514)
Increase (decrease) in provision for directors' retirement benefits	54	(63)
Increase (decrease) in allowance for doubtful accounts	(12)	(247)
Impairment loss	33	576
Proceeds from compensation for expropriation	(488)	-
Demolition expenses	72	20
Interest and dividend income	(1,628)	(1,626)
Interest expenses	210	185
Loss (gain) on sales of investment securities	(773)	(939)
Loss (gain) on valuation of investment securities	247	73
Loss (gain) on step acquisitions	-	(485)
Foreign exchange losses (gains)	52	(18)
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(256)	(200)
Loss (gain) on sales of fixed assets	(275)	(370)
Loss on disposal of fixed assets	117	122
Expenses for change of the corporate brand logo and related items	397	-
Company name change cost	-	297
Decrease (increase) in notes and accounts receivable - trade	2,503	2,682
Decrease (increase) in inventories	2,802	(1,623)
Increase (decrease) in notes and accounts payable - trade	(7,403)	(1,899)
Increase (decrease) in accrued consumption taxes	(294)	(1,816)
Decrease (increase) in other receivables	59	1,690
Increase (decrease) in other payables	1,073	(770)
Other, net	261	489
Subtotal	17,936	17,554
Interest and dividend income received	1,633	1,618
Interest expenses paid	(212)	(206)
Income taxes paid	(3,824)	(4,162)
Net cash provided by (used in) operating activities	15,532	14,804

(Millions of yen)

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2021 (From April 1, 2020 to March 31, 2021)
<b>Investing activities</b>		
Decrease (increase) in time deposits	162	542
Purchase of fixed assets	(15,607)	(15,828)
Proceeds from sales of fixed assets	509	621
Purchase of investment securities	(671)	(137)
Proceeds from sales and redemption of investment securities	1,455	2,056
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(62)
Payments of loans receivable	(11)	(5)
Collection of loans receivable	19	22
Other, net	13	205
Net cash provided by (used in) investing activities	(14,130)	(12,585)
<b>Financing activities</b>		
Net increase (decrease) in short-term loans payable	1,668	1,134
Proceeds from long-term loans payable	2,646	12,036
Repayment of long-term loans payable	(2,313)	(2,584)
Redemption of bonds	–	(5,048)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(2,533)	(2,689)
Dividends paid to non-controlling interests	(18)	(22)
Repayments of finance lease obligations	(208)	(190)
Other, net	(0)	(81)
Net cash provided by (used in) financing activities	(759)	2,553
Effect of exchange rate change on cash and cash equivalents	113	(145)
Net increase (decrease) in cash and cash equivalents	755	4,627
Cash and cash equivalents at beginning of period	30,085	31,012
Increase in cash and cash equivalents from newly consolidated subsidiary	171	–
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(319)
Cash and cash equivalents at end of period	31,012	35,320

**(Segment information, etc.)****a. Segment information****1. Overview of reporting segments**

The Group's reporting segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment 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 reporting segments: Flour Milling and Food.

The Flour Milling segment covers wheat flour, bran, and buckwheat flour, while the Food segment covers wheat flour for home use, premixes, pasta, frozen foods, deli foods, and rice flour.

**2. Calculation methods for sales, profit (loss), assets, liabilities and other items by reporting segment**

Profit figures reported for business segments are based on operating income. Inter-segment sales and transfers are based on prevailing market prices.

**3. Information on sales, profit (loss), assets, liabilities and other items by reporting segment  
FY2020 (From April 1, 2019 to March 31, 2020)**

(Millions of yen)

	Reporting segments			Other	Total	Adjustments	Amounts recorded in 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 reporting segments, including pet food, health food, engineering and real estate leasing.

2. Segment income adjustment of ¥31 million is an elimination of inter-segment transactions.

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 operations.

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 or loss is adjusted to reflect operating income as recorded in 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. The standards for allocation of fixed assets to segments are different from the standards for allocation of related depreciation.

**FY2021 (From April 1, 2020 to March 31, 2021)**

(Millions of yen)

	Reporting segments			Other	Total	Adjustments	Amounts recorded in consolidated financial statements
	Flour Milling	Food	Total				
Net sales							
Net sales to external customers	97,653	196,514	294,167	35,398	329,566	–	329,566
Internal sales or transfers between segments	1,977	515	2,493	6,646	9,139	(9,139)	–
Total	99,631	197,029	296,661	42,044	338,705	(9,139)	329,566
Segment income	5,102	4,264	9,366	1,034	10,401	(70)	10,331
Segment assets	103,555	118,224	221,779	23,192	244,972	63,045	308,017
Other items							
Depreciation	3,093	4,251	7,344	1,277	8,622	358	8,981
Increase in property, plant and equipment and intangible assets	3,563	13,205	16,768	1,248	18,016	(1,321)	16,695

- Notes: 1. The “Other” column indicates businesses not included in the reporting segments, including pet food, health food, engineering and real estate leasing.
2. Segment income adjustment of ¥(70) million is an elimination of inter-segment transactions.
3. Corporate assets included in adjustments of segment assets amounted to ¥63,572 million and mainly comprise the Company’s surplus funds (cash and deposits, and securities) and property, plant and equipment concerning administrative operations.
4. Adjustments amounting to ¥(1,321) 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 or loss is adjusted to reflect operating income as recorded in 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. The standards for allocation of fixed assets to segments are different from the standards for allocation of related depreciation.

**(Per share information)**

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2021 (From April 1, 2020 to March 31, 2021)
Net assets per share	¥2,006.14	¥2,141.91
Profit per share	¥116.71	¥112.27
Fully diluted profit per share	¥101.82	¥97.94

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

	FY2020 (From April 1, 2019 to March 31, 2020)	FY2021 (From April 1, 2020 to March 31, 2021)
Profit per share		
Profit attributable to owners of parent (Millions of yen)	8,941	8,608
Amount not attributable to common shareholders (Millions of yen)	–	–
Amount pertaining to common stock (Millions of yen)	8,941	8,608
Average number of shares of common stock in the fiscal year (Thousands of shares)	76,617	76,680
Fully diluted profit per share		
Amount attributable to owners of parent (Millions of yen)	(12)	(12)
<of which interest income (after deducting the amount equivalent to tax)> (Millions of yen)	<(12)>	<(12)>
Increase in common stock (Thousands of shares)	11,081	11,091
Summary of residual securities not included in calculation of fully diluted profit per share because of no dilutive effect	–	–