



Consolidated Financial Results for FY2022 and Forecast for FY2023 [J-GAAP]

May 13, 2022

Listed company name: **NIPPON CORPORATION**
 Listing: The Prime Market of Tokyo Stock Exchange
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*Amounts less than one million yen have been rounded down.

1. Consolidated financial results for the year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

(Millions of yen, percentage figures show the rates of change from the previous year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
FY2022	321,317	11.4%	11,282	8.8%	14,270	12.7%	9,327	8.0%
FY2021	288,324	—%	10,370	—%	12,659	—%	8,636	—%

(Note) Comprehensive income: FY2022: ¥12,514 million (-6.1%) FY2021: ¥13,322 million (-%)

	Profit per Share (Yen)	Fully Diluted Profit per Share (Yen)	ROE (%)	Ordinary Income to Total Assets (%)	Operating Income to Net Sales (%)
FY2022	121.59	106.02	5.5	4.5	3.5
FY2021	112.62	98.25	5.4	4.2	3.6

(Reference) Equity in earnings of affiliated companies: FY2022: ¥237 million FY2021: ¥200 million

(Note) The figures for FY2021 presented are the figures after retrospective application of changes in accounting policies. The rate of change from the previous year is not presented for FY2021 because of the retrospective application.

(2) Consolidated financial position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
FY2022	325,869	178,697	53.4	2,268.30
FY2021	307,813	169,063	53.3	2,141.16

(Reference) Equity capital: FY2022: ¥174,120 million FY2021: ¥164,209 million

(Note) The figures for FY2021 presented are the figures after retrospective application of changes in accounting policies.

(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
FY2022	11,975	(10,103)	(4,278)	31,215
FY2021	14,804	(12,585)	2,553	35,320

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			
FY2021	—	17.00	—	19.00	36.00	2,767	32.0	1.7
FY2022	—	18.00	—	20.00	38.00	2,923	31.3	1.7
FY2023 (Forecast)	—	19.00	—	19.00	38.00		35.1	

(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 FY2023 (From April 1, 2022 to March 31, 2023)

(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)
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount
Half Year	173,000	9.8%	4,600	(21.6)%	5,700	(22.6)%	3,900	(25.5)%	50.81
Full Year	355,000	10.5%	10,100	(10.5)%	12,200	(14.5)%	8,300	(11.0)%	108.13

* 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: | Yes |
| 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):	FY2022	78,824,009 shares	FY2021	78,824,009 shares
2) Number of treasury shares at the end of each period:	FY2022	2,021,404 shares	FY2021	2,093,223 shares
3) Average number of shares:	FY2022	76,712,872 shares	FY2021	76,680,700 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.

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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 2021	Fiscal 2022	Difference	Change
Net sales	288,324	321,317	32,993	111.4%
Operating income	10,370	11,282	911	108.8%
Ordinary income	12,659	14,270	1,611	112.7%
Profit attributable to owners of parent	8,636	9,327	691	108.0%

During the fiscal year ended March 31, 2022, amid the ongoing COVID-19 pandemic, the rising vaccination rate helped economic activity in Japan start returning to normal. However, the emergence of a new variant of the COVID-19 virus caused a resurgence of infection. As a result, prospects for the Japanese economy have remained uncertain.

In the food industry, the spread of COVID-19 brought about significant changes in consumer behavior, such as growth of delivery services and an increase in eating at home, and an increase in demand for products for consumption at home. Moreover, the impact of soaring prices of raw materials is a concern.

The Group is reinforcing the existing business by reducing costs and strengthening sales while, at the same time, vigorously investing in promising fields to strengthen the business foundation based on a flexible approach in an unprecedented business environment.

In February 2022, the Company announced its plan to construct a new flour mill on the site in Chita City, Aichi Prefecture. The plan also calls for expansion of facilities of the Kobe-Konan Mill in the ongoing reorganization of the production structure. This reorganization will increase the Company's ratio of waterfront milling from 83% to 95%. The Company aims to realize a state-of-the-art flour mill that will be resilient to natural disasters and take the Sustainable Development Goals (SDGs) into consideration, including through energy saving and environmental friendliness, while enhancing the new mill's productivity by combining the latest automation technology with the Company's accumulated technological expertise.

In our environmental protection efforts, we have gradually changed the best-before date labeling of pasta for home use to "year and month" labeling to contribute to the reduction of food loss. Other initiatives include the use of paper trays made from environmentally friendly raw materials, such as PEFC-certified paper (indicating that the product is derived from timber sourced from sustainably managed forests), and eco paper trays made from unbleached wood pulp for frozen foods for home use, as well as switching of the packaging of some home-use wheat flour to paper.

The system failure brought about by the cyberattack in July 2021 caused great inconvenience to our stakeholders. To prevent a recurrence, we have strengthened our information security measures and completed the restoration of our main mission-critical systems in January 2022.

Although the Group recorded expenses related to the system failure as an extraordinary loss, net sales and profits were both higher than the levels for the previous year, because the frozen food category's brisk performance continued owing to increasing demand for products for consumption at home and a recovery in demand for food in the professional-use category and for ready-made meals that exceeded expectations following sluggishness in 2020. Consolidated net sales for the fiscal year under review increased by 11.4% year on year to ¥321,317 million, operating income increased by 8.8% to ¥11,282 million, ordinary income increased by 12.7% to ¥14,270 million, and profit attributable to owners of parent increased by 8.0% to ¥9,327 million.

The performance of individual business segments was as follows.

Flour Milling

(Millions of yen)

	Fiscal 2021	Fiscal 2022	Difference	Change
Net sales	92,595	96,934	4,339	104.7%
Operating income	5,133	6,211	1,078	121.0%

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, the Group promoted sales initiatives with a view to resolving the issues that concern customers in order to meet diverse customer needs, utilizing technologies cultivated for many 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.

As a result, sales of wheat flour and sales of wheat bran, a by-product, were higher than the levels for the previous year.

In line with the increase of government sales prices (tax inclusive) of imported wheat by 5.5% on average for the five key products in April 2021 and by 19.0% in October 2021, we revised the prices of our products in June 2021 and December 2021, respectively.

As a result, net sales for the Flour Milling segment increased by 4.7% year on year to ¥96,934 million, and operating income increased by 21.0% to ¥6,211 million.

Food

(Millions of yen)

	Fiscal 2021	Fiscal 2022	Difference	Change
Net sales	160,751	185,911	25,160	115.7%
Operating income	4,272	4,068	(203)	95.2%

In the professional-use category, demand showed a tendency to recover compared with the previous year and sales of products in this category were higher than the level for the previous year despite a significant impact, mainly on the restaurant sector, of the government's request for large-scale commercial facilities to suspend operations and for restaurants to suspend operations or reduce opening hours, following the declarations of a state of emergency.

On the other hand, in the home-use product category, sales were lower than the level for the previous year because of a dip in demand following surging demand in the previous year for products for consumption at home because people refrained from going out.

In the frozen foods category, sales were far higher than the level for the previous year. In addition to solid demand for frozen pasta, demand for the One Plate Meal series of complete meals consisting of a main dish and staples and demand for the Imadoki Gohan series of rice dishes, which allow consumers to have trendy rice dishes easily at home, were brisk. These results not only reflected continued high demand for products for consumption at home but also the fact that the COVID-19 pandemic prompted more consumers to pursue ease and convenience in meals. Vigorous advertising and sales promotion, including airing of TV commercials, also contributed to the results.

In the ready-made meals business, despite the COVID-19 pandemic's adverse impact on demand, it showed a tendency to recover compared with the previous year and sales were higher than the level for the previous year.

As a result, net sales of the Food segment increased by 15.7% year on year to ¥185,911 million, while operating income decreased by 4.8% to ¥4,068 million.

Other

(Millions of yen)

	Fiscal 2021	Fiscal 2022	Difference	Change
Net sales	34,977	38,471	3,493	110.0%
Operating income	1,034	996	(37)	96.4%

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

Sales of the engineering business were higher than the level for the previous year, as a result of an increase in inquiries for large projects.

As a result, net sales for the Other segment increased by 10.0% year on year to ¥38,471 million, while operating income decreased by 3.6% to ¥996 million.

2) Future outlook

The outlook for the Japanese economy is expected to remain uncertain as concerns about resurgence of COVID-19 cases have not been completely dispelled.

Moreover, the global situation is becoming increasingly uncertain due to soaring prices of crude oil and raw materials, as well as the developments in the Russo-Ukraine situation.

In these circumstances, in order to establish its profile as a comprehensive food company of high repute, the Group aims to grow to a scale of ¥500 billion in net sales and ¥25 billion in operating income on a consolidated basis. As a milestone to achieving this goal, we aim to achieve ¥400 billion in net sales and ¥15 billion in operating income by 2026, five years from now, by strengthening our revenue base while building up sales through organic growth, as well as enhancing inorganic growth, as mentioned in the Notification Regarding NIPPON Group “Management Philosophy” and “Management Policy” posted on the Company’s website on May 13, 2022.

We will expand our global business and create new businesses to achieve growth by strengthening the foundation of existing businesses, increasing production capacity, and responding to diverse lifestyles, leveraging the Group’s strengths while continuing to invest management resources aggressively in growth areas.

For the year ending March 31, 2023, management forecasts consolidated net sales of ¥355.0 billion, operating income of ¥10.1 billion, ordinary income of ¥12.2 billion, and profit attributable to owners of parent of ¥8.3 billion.

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

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022	Difference
Current assets	117,693	130,768	13,074
Non-current assets	190,069	195,063	4,993
Deferred assets	49	37	(12)
Total assets	307,813	325,869	18,055
Current liabilities	69,544	74,842	5,297
Non-current liabilities	69,205	72,328	3,123
Total liabilities	138,749	147,171	8,421
Total net assets	169,063	178,697	9,634
Total liabilities and net assets	307,813	325,869	18,055

Total assets at the end of fiscal 2022 increased by ¥18,055 million from the previous fiscal year end (March 31, 2021) to ¥325,869 million. This was mainly because notes and accounts receivable - trade and contract assets, raw materials and supplies, investment securities, and merchandise and finished goods increased by ¥8,617 million, ¥3,954 million, ¥3,191 million, and ¥1,822 million, respectively.

Total liabilities increased by ¥8,421 million from the previous fiscal year end to ¥147,171 million. This was mainly because notes and accounts payable - trade increased by ¥7,978 million.

Net assets increased by ¥9,634 million from the previous fiscal year end to ¥178,697 million. This was mainly because retained earnings and unrealized holding gain (loss) on securities increased by ¥6,450 million and ¥2,639 million, respectively.

2) Cash flows

(Millions of yen)

	Fiscal 2021	Fiscal 2022	Difference
Cash flows from operating activities	14,804	11,975	(2,829)
Cash flows from investing activities	(12,585)	(10,103)	2,481
Cash flows from financing activities	2,553	(4,278)	(6,832)
Effect of exchange rate changes on cash and cash equivalents	(145)	209	354
Net increase (decrease) in cash and cash equivalents	4,627	(2,196)	(6,824)
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(319)	(1,908)	(1,589)
Cash and cash equivalents at end of period	35,320	31,215	(4,105)

As of March 31, 2022, the balance of cash and cash equivalents stood at ¥31,215 million, a decrease of ¥4,105 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 ¥11,975 million. This mainly reflected ¥13,568 million for profit before income taxes, ¥10,232 million for depreciation, and ¥8,609 million for increase in notes and accounts receivable - trade.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥10,103 million. This mainly reflected spending of ¥10,657 million for purchase of fixed assets.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥4,278 million. The main factors were proceeds from loans payable amounting to ¥4,078 million, repayment of loans payable amounting to ¥5,002 million and cash dividends paid amounting to ¥2,844 million.

—Cash flow indicator trends—

	FY2018	FY2019	FY2020	FY2021	FY2022
Equity ratio (%)	56.0	51.2	52.9	53.3	53.4
Equity ratio at market value (%)	48.4	49.6	44.5	41.3	39.2
Ratio of interest-bearing debt to cash flows (%)	293.1	212.4	246.2	304.7	364.5
Interest coverage ratio (times)	56.4	71.3	73.1	71.7	60.8

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, 2022 and the year ending March 31, 2023

Management considers returning profits to shareholders to be an important management issue. The Company's basic policy is to distribute profit, taking into consideration the strengthening of the Company's foundation, future business expansion, and the financial results for the period.

With regard to dividends, we will strive to maintain stable dividends, while enhancing our financial position with a target payout ratio of 30% or more and keeping a close eye on the business environment.

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 in the growth areas 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 25, 2022, we intend to pay a year-end dividend of ¥20 per share, an increase of ¥2 per share, 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 ¥38 per share, including the interim dividend paid.

With regard to cash dividends for the year ending March 31, 2023, the Company plans to pay total cash dividends of ¥38 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)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	37,486	34,063
Notes and accounts receivable - trade and contract assets	41,848	50,466
Merchandise and finished goods	16,662	18,484
Work in process	219	57
Raw materials and supplies	17,394	21,348
Other current assets	4,143	6,407
Allowance for doubtful accounts	(59)	(59)
Total current assets	117,693	130,768
Non-current assets		
Property, plant and equipment		
Buildings and structures	105,844	109,650
Accumulated depreciation	(59,911)	(61,067)
Buildings and structures, net	45,932	48,582
Machinery, equipment and vehicles	124,205	125,592
Accumulated depreciation	(102,513)	(103,100)
Machinery, equipment and vehicles, net	21,692	22,492
Land	40,269	41,453
Construction in progress	3,814	471
Other	13,278	13,850
Accumulated depreciation	(10,746)	(11,238)
Other, net	2,531	2,611
Total property, plant and equipment	114,240	115,611
Intangible assets	2,858	2,529
Investments and other assets		
Investment securities	65,809	69,001
Long-term loans receivable	39	35
Deferred tax assets	1,656	1,628
Retirement benefit asset	1,202	2,015
Other	4,727	4,628
Allowance for doubtful accounts	(464)	(385)
Total investments and other assets	72,970	76,922
Total non-current assets	190,069	195,063
Deferred assets	49	37
Total assets	307,813	325,869

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,931	33,910
Short-term loans payable	22,388	19,530
Current portion of bonds	–	91
Income taxes payable	2,371	1,926
Accrued expenses	7,507	7,578
Refund liabilities	5,523	7,029
Provision for bonuses	690	705
Other current liabilities	5,130	4,070
Total current liabilities	69,544	74,842
Non-current liabilities		
Bonds payable	536	349
Convertible bond-type bonds with subscription rights to shares	25,074	25,056
Long-term loan payable	22,181	23,684
Deferred tax liabilities	13,311	14,742
Retirement benefit liability	3,747	3,810
Accrued retirement benefits for directors	809	462
Other non-current liabilities	3,544	4,224
Total non-current liabilities	69,205	72,328
Total liabilities	138,749	147,171
Net assets		
Shareholders' equity		
Capital stock	12,240	12,240
Capital surplus	11,308	11,307
Retained earnings	115,366	121,817
Treasury shares	(3,317)	(3,198)
Total shareholders' equity	135,598	142,166
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	27,770	30,409
Deferred gain (loss) on hedges	37	88
Foreign currency translation adjustment	493	981
Retirement benefit liability adjustments	308	475
Total accumulated other comprehensive income	28,610	31,954
Subscription rights to shares	234	195
Non-controlling interests	4,620	4,381
Total net assets	169,063	178,697
Total liabilities and net assets	307,813	325,869

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

(Millions of yen)

	FY2021 (From April 1, 2020 to March 31, 2021)	FY2022 (From April 1, 2021 to March 31, 2022)
Net sales	288,324	321,317
Cost of sales	218,660	246,390
Gross profit	69,663	74,926
Selling, general and administrative expenses		
Freight, sales commission and other expenses	20,429	21,183
Salaries and allowances	20,960	22,263
Retirement benefit expenses	942	687
Depreciation	1,327	1,462
Other	15,632	18,047
Total selling, general and administrative expenses	59,293	63,644
Operating income	10,370	11,282
Non-operating income		
Interest income	107	76
Dividend income	1,517	1,569
Rent income on fixed assets	151	230
Share of profit of entities accounted for using equity method	200	237
Foreign exchange gains	14	248
Other	1,053	1,254
Total non-operating income	3,046	3,616
Non-operating expenses		
Interest expenses	185	208
Cost of rent income	63	(13)
Other	508	432
Total non-operating expenses	757	627
Ordinary income	12,659	14,270
Extraordinary income		
Gain on sales of fixed assets	370	247
Gain on sales of investment securities	891	1,079
Gain on step acquisitions	485	-
Total extraordinary income	1,746	1,327

(Millions of yen)

	FY2021 (From April 1, 2020 to March 31, 2021)	FY2022 (From April 1, 2021 to March 31, 2022)
Extraordinary expenses		
Loss on sales and disposal of fixed assets	101	137
Impairment loss	576	104
Loss of valuation of investment securities	73	26
Demolition expenses	20	–
Company name change cost	297	–
System failure response costs	–	1,602
Other	287	157
Total extraordinary losses	1,357	2,028
Profit before income taxes	13,049	13,568
Income taxes - current	3,994	4,186
Income taxes - deferred	284	209
Total income taxes	4,278	4,396
Profit	8,770	9,172
Profit (loss) attributable to non-controlling interests	134	(154)
Profit attributable to owners of parent	8,636	9,327

(Consolidated statements of comprehensive income)

(Millions of yen)

	FY2021 (From April 1, 2020 to March 31, 2021)	FY2022 (From April 1, 2021 to March 31, 2022)
Profit	8,770	9,172
Other comprehensive income (loss)		
Unrealized holding gain (loss) on securities	3,432	2,622
Deferred gain (loss) on hedges	37	51
Foreign currency translation adjustment	(469)	477
Retirement benefit liability adjustments	1,567	169
Share of other comprehensive income of entities accounted for using equity method	(15)	21
Total other comprehensive income (loss)	4,551	3,341
Comprehensive income	13,322	12,514
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	13,180	12,670
Comprehensive income (loss) attributable to non-controlling interests	141	(156)

(3) Consolidated statements of changes in net assets
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
Cumulative effects of changes in accounting policies			(84)		(84)
Restated balance	12,240	11,262	109,422	(3,422)	129,503
Changes of items during period					
Dividends of surplus			(2,689)		(2,689)
Profit attributable to owners of parent			8,636		8,636
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(2)	105	103
Change due to business combination					-
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	5,944	105	6,095
Balance at end of current period	12,240	11,308	115,366	(3,317)	135,598

	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
Cumulative effects of changes in accounting policies								(84)
Restated balance	24,444	0	961	(1,267)	24,139	260	4,593	158,496
Changes of items during period								
Dividends of surplus								(2,689)
Profit attributable to owners of parent								8,636
Purchase of treasury shares								(0)
Disposal of treasury shares								103
Change due to business combination								-
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)	26	4,471
Total changes of items during period	3,325	37	(467)	1,576	4,471	(26)	26	10,566
Balance at end of current period	27,770	37	493	308	28,610	234	4,620	169,063

FY2022 (From April 1, 2021 to March 31, 2022)

(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	11,308	115,366	(3,317)	135,598
Cumulative effects of changes in accounting policies					-
Restated balance	12,240	11,308	115,366	(3,317)	135,598
Changes of items during period					
Dividends of surplus			(2,844)		(2,844)
Profit attributable to owners of parent			9,327		9,327
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(9)	118	109
Change due to business combination			(22)		(22)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(1)	(1)		(2)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(1)	6,450	118	6,567
Balance at end of current period	12,240	11,307	121,817	(3,198)	142,166

	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	27,770	37	493	308	28,610	234	4,620	169,063
Cumulative effects of changes in accounting policies								-
Restated balance	27,770	37	493	308	28,610	234	4,620	169,063
Changes of items during period								
Dividends of surplus								(2,844)
Profit attributable to owners of parent								9,327
Purchase of treasury shares								(0)
Disposal of treasury shares								109
Change due to business combination								(22)
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(2)
Net changes of items other than shareholders' equity	2,639	50	487	166	3,343	(38)	(238)	3,066
Total changes of items during period	2,639	50	487	166	3,343	(38)	(238)	9,634
Balance at end of current period	30,409	88	981	475	31,954	195	4,381	178,697

(4) Consolidated statements of cash flows

(Millions of yen)

	FY2021 (From April 1, 2020 to March 31, 2021)	FY2022 (From April 1, 2021 to March 31, 2022)
Operating activities		
Profit before income taxes	13,049	13,568
Depreciation	8,981	10,232
Increase (decrease) in net retirement benefit asset/liability	(514)	(475)
Increase (decrease) in provision for directors' retirement benefits	(63)	(323)
Increase (decrease) in allowance for doubtful accounts	(247)	(74)
Impairment loss	576	104
Demolition expenses	20	–
Interest and dividend income	(1,626)	(1,645)
Interest expenses	185	208
Loss (gain) on sales of investment securities	(939)	(1,104)
Loss (gain) on valuation of investment securities	73	26
Loss (gain) on step acquisitions	(485)	–
Foreign exchange losses (gains)	(18)	(184)
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(200)	(237)
Loss (gain) on sales of fixed assets	(370)	(244)
Loss on disposal of fixed assets	122	141
Company name change cost	297	–
System failure response costs	–	1,602
Loss (gain) on sale of shares of subsidiaries and associates	–	24
Decrease (increase) in notes and accounts receivable - trade	2,675	(8,609)
Decrease (increase) in inventories	(1,538)	(5,563)
Increase (decrease) in notes and accounts payable - trade	(1,899)	7,708
Increase (decrease) in accrued consumption taxes	(1,845)	(244)
Decrease (increase) in other receivables	1,688	(81)
Increase (decrease) in other payables	(857)	37
Other, net	490	327
Subtotal	17,554	15,194
Interest and dividend income received	1,618	1,640
Interest expenses paid	(206)	(196)
Income taxes paid	(4,162)	(4,661)
Net cash provided by (used in) operating activities	14,804	11,975

(Millions of yen)

	FY2021 (From April 1, 2020 to March 31, 2021)	FY2022 (From April 1, 2021 to March 31, 2022)
Investing activities		
Decrease (increase) in time deposits	542	(677)
Purchase of fixed assets	(15,828)	(10,657)
Proceeds from sales of fixed assets	621	357
Purchase of investment securities	(137)	(1,154)
Proceeds from sales and redemption of investment securities	2,056	2,043
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(62)	–
Payments of loans receivable	(5)	(7)
Collection of loans receivable	22	11
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	(45)
Other, net	205	24
Net cash provided by (used in) investing activities	(12,585)	(10,103)
Financing activities		
Net increase (decrease) in short-term loans payable	1,134	(2,695)
Proceeds from long-term loans payable	12,036	4,078
Repayment of long-term loans payable	(2,584)	(2,307)
Redemption of bonds	(5,048)	(96)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(2,689)	(2,844)
Dividends paid to non-controlling interests	(22)	(32)
Repayments of finance lease obligations	(190)	(330)
Other, net	(81)	(50)
Net cash provided by (used in) financing activities	2,553	(4,278)
Effect of exchange rate change on cash and cash equivalents	(145)	209
Net increase (decrease) in cash and cash equivalents	4,627	(2,196)
Cash and cash equivalents at beginning of period	31,012	35,320
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(319)	(1,908)
Cash and cash equivalents at end of period	35,320	31,215

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

The Group's reportable 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 reportable 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 reportable 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 reportable segment and information on disaggregation of revenue

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

(Millions of yen)

	Reportable segments			Other	Total	Adjustments	Amounts recorded in consolidated financial statements
	Flour Milling	Food	Total				
Net sales							
Net sales to external customers	92,595	160,751	253,346	34,977	288,324	—	288,324
Internal sales or transfers between segments	1,814	515	2,330	6,644	8,974	(8,974)	—
Total	94,410	161,266	255,676	41,622	297,299	(8,974)	288,324
Segment income	5,133	4,272	9,405	1,034	10,440	(69)	10,370
Segment assets	103,539	118,037	221,577	23,191	244,768	63,045	307,813
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 reportable segments, including pet food, health food, engineering and real estate leasing.

2. Segment income adjustment of ¥(69) 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.

FY2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments			Other	Total	Adjustments	Amounts recorded in consolidated financial statements
	Flour Milling	Food	Total				
Net sales							
Revenue from contracts with customers	96,934	185,865	282,800	37,516	320,316	–	320,316
Other revenue	–	46	46	954	1,000	–	1,000
Net sales to external customers	96,934	185,911	282,846	38,471	321,317	–	321,317
Internal sales or transfers between segments	2,060	606	2,667	2,391	5,058	(5,058)	–
Total	98,995	186,518	285,513	40,862	326,376	(5,058)	321,317
Segment income	6,211	4,068	10,280	996	11,277	4	11,282
Segment assets	109,620	125,667	235,287	23,713	259,001	66,867	325,869
Other items							
Depreciation	3,193	5,449	8,643	1,199	9,842	390	10,232
Increase in property, plant and equipment and intangible assets	2,109	8,095	10,205	1,193	11,398	210	11,608

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 ¥4 million is an elimination of inter-segment transactions.

3. Corporate assets included in adjustments of segment assets amounted to ¥66,402 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 ¥210 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.

(Revenue recognition)

Information on disaggregation of revenue from contracts with customers is as presented in (Segment information, etc.).

(Per share information)

	FY2021 (From April 1, 2020 to March 31, 2021)	FY2022 (From April 1, 2021 to March 31, 2022)
Net assets per share	¥2,141.16	¥2,268.30
Profit per share	¥112.62	¥121.59
Fully diluted profit per share	¥98.25	¥106.02

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

	FY2021 (From April 1, 2020 to March 31, 2021)	FY2022 (From April 1, 2021 to March 31, 2022)
Profit per share		
Profit attributable to owners of parent (Millions of yen)	8,636	9,327
Amount not attributable to common shareholders (Millions of yen)	–	–
Amount pertaining to common stock (Millions of yen)	8,636	9,327
Average number of shares of common stock in the fiscal year (Thousands of shares)	76,680	76,712
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)	11,091	11,149
Summary of residual securities not included in calculation of fully diluted profit per share because of no dilutive effect	–	–

Note: As described in (Changes in accounting policies), the changes in the accounting policies in the fiscal year ended March 31, 2022 are retrospectively applied, and for the previous fiscal year, profit per share data after retrospective application are presented. As a result, compared with the figures before retrospective application, profit per share and fully diluted profit per share for the fiscal year ended March 31, 2022, increased ¥0.35 and ¥0.31, respectively.

(Important subsequent events)

Not applicable.

Notes to consolidated statements of comprehensive income, lease transactions, financial instruments, securities, derivative transactions, retirement benefits, stock options, tax effect accounting, business combinations, and related party information are omitted because the need to disclose such information in the financial report is not considered significant.