



Consolidated Financial Results for FY2023 and Forecast for FY2024 [J-GAAP]

May 12, 2023

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

(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	
FY2023	365,525	13.8%	12,288	8.9%	14,816	3.8%	10,260	10.0%
FY2022	321,317	11.4%	11,282	8.8%	14,270	12.7%	9,327	8.0%

(Note) Comprehensive income: FY2023: ¥17,481 million (39.7%) FY2022: ¥12,514 million (-6.1%)

	Profit per Share (Yen)	Fully Diluted Profit per Share (Yen)	ROE (%)	Ordinary Income to Total Assets (%)	Operating Income to Net Sales (%)
FY2023	132.16	115.39	5.7	4.4	3.4
FY2022	121.59	106.02	5.5	4.5	3.5

(Reference) Equity in earnings of affiliated companies: FY2023: ¥309 million FY2022: ¥237 million

(2) Consolidated financial position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
FY2023	344,606	192,613	54.8	2,421.48
FY2022	325,869	178,697	53.4	2,268.30

(Reference) Equity capital: FY2023: ¥188,687 million FY2022: ¥174,120 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
FY2023	15,055	(5,026)	(8,402)	33,157
FY2022	11,975	(10,103)	(4,278)	31,215

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			
FY2022	—	18.00	—	20.00	38.00	2,923	31.3	1.7
FY2023	—	19.00	—	21.00	40.00	3,124	30.3	1.7
FY2024 (Forecast)	—	20.00	—	20.00	40.00		28.9	

3. Forecast of consolidated business results for FY2024 (From April 1, 2023 to March 31, 2024)

(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	191,000	8.2%	6,300	8.1%	7,400	2.6%	5,100	2.8%	65.45
Full Year	387,000	5.9%	12,500	1.7%	14,600	(1.5)%	10,800	5.3%	138.60

* 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):	FY2023	78,824,009 shares	FY2022	78,824,009 shares
2) Number of treasury shares at the end of each period:	FY2023	860,850 shares	FY2022	2,021,404 shares
3) Average number of shares:	FY2023	77,633,189 shares	FY2022	76,712,872 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated financial results for the year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

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

	Net Sales		Operating Income		Ordinary Income		Profit	
FY2023	225,014	16.3%	8,942	(5.8)%	11,613	(7.1)%	3,414	(66.6)%
FY2022	193,558	6.9%	9,489	(2.3)%	12,496	17.8%	10,222	34.7%

	Profit per Share (Yen)	Fully Diluted Profit per Share (Yen)
FY2023	43.88	38.23
FY2022	132.93	115.96

(2) Non-consolidated financial position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
FY2023	271,119	158,797	58.5	2,030.01
FY2022	257,369	150,552	58.4	1,953.89

(Reference) Equity capital: FY2023: ¥158,570 million FY2022: ¥150,357 million

* 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 2022	Fiscal 2023	Difference	Change
Net sales	321,317	365,525	44,208	113.8%
Operating income	11,282	12,288	1,006	108.9%
Ordinary income	14,270	14,816	545	103.8%
Profit attributable to owners of parent	9,327	10,260	932	110.0%

During the fiscal year ended March 31, 2023, the Japanese economy was on a recovery track as economic activity showed renewed vitality amid indications that the COVID-19 pandemic was abating. In view of persistently high manufacturing and logistics costs, reflecting soaring prices of raw materials and energy owing to such factors as financial market fluctuations due to the yen's sharp depreciation and worsening labor shortages, in addition to the Russo-Ukraine situation and other geopolitical risks, the impact of price hikes on consumption is a concern. Thus, the outlook for business confidence remains uncertain,

The business environment of the food industry is becoming increasingly severe in light of soaring raw materials prices and other factors, despite signs of a modest increase in the tempo of personal consumption.

In these circumstances, under our management philosophy of “contributing to the realization of a sustainable society by pursuing the well-being (happiness, health, and smiles) of people,” we are working with our customers, employees, shareholders, society, and other stakeholders to create future-focused value. In addition to cost reductions through operational improvements, we are striving to strengthen our business foundation by further bolstering sales of mainstay products through upfront investments to expand sales and by enhancing our competitive advantage by providing high-value-added products and services. Furthermore, to help realize a sustainable society, we have been developing ingredients such as plant-based foods with excellent credentials in terms of sustainability and applying them to existing home-use and frozen food products. For example, SOYL PRO is a soybean-based food whose development involved application of tofu processing technology.

We are strengthening the framework for contributing to the realization of a sustainable society. In this regard, we announced our endorsement of the Task Force on Climate-related Financial Disclosure (TCFD) in February 2023. On the environmental front, we are expanding the use of paper containers to reduce plastic waste while also promoting introduction of solar power generation equipment.

Consolidated net sales for the fiscal year under review increased by 13.8% year on year to ¥365,525 million, reflecting the implementation of sales price revisions in response to rising raw materials prices and various other costs, in addition to a continuing recovery in demand, following the relaxation of restrictions on activities. In terms of profit, despite repeated increases in raw materials prices and various other costs and an increase in strategic costs for sales expansion, operating income increased by 8.9% to ¥12,288 million, ordinary income increased by 3.8% to ¥14,816 million, and profit attributable to owners of parent increased by 10.0% to ¥10,260 million, reflecting an increase in shipments due to a recovery in demand mainly in the restaurant sector and cost reductions due to improved productivity.

The performance of individual business segments was as follows.

Flour Milling

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Difference	Change
Net sales	96,934	117,604	20,669	121.3%
Operating income	6,211	7,528	1,316	121.2%

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 customer needs and diversifying food preferences, the Group promoted sales initiatives with a view to resolving the issues that concern customers.

Moreover, we strove to strengthen relationships with customers and enhance sales capabilities and brand power while stepping up sales activities, in order to seize every opportunity associated with the recovery of demand in the aftermath of the COVID-19 pandemic. In the Flour Milling business, sales were higher than the levels for the previous year, mainly because of the wheat flour price revision and a robust trend in sales prices of wheat bran, a by-product.

In line with the increase of government sales prices (tax inclusive) of imported wheat by 17.3% on average for the five key products in April 2022, we revised the prices of wheat flour products for professional use from June 2022. However, as the Japanese government has not changed the sales prices since October 2022, we did not change the prices of wheat flour products for professional.

As a result, net sales for the Flour Milling segment increased by 21.3% year on year to ¥117,604 million, and operating income increased by 21.2% to ¥7,528 million.

Food

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Difference	Change
Net sales	185,911	204,796	18,885	110.2%
Operating income	4,068	3,449	(619)	84.8%

In the professional-use category, sales of products were higher than the level for the previous year, because demand showed a tendency to recover owing to the relaxation of the restrictions on activities and in reaction to the decline in previous years reflecting the government's request to large commercial facilities, restaurants, etc. to shorten opening hours, and because of price revisions in response to rising prices of raw materials and other items.

In the home-use product category, although demand for products for consumption at home associated with people refraining from going out ran its course, sales of products in this category were higher than the level for the previous year, owing to price revisions in 2022.

In the frozen foods category, in addition to buoyant shipments of commercial-use frozen foods reflecting the recovery in demand from the restaurant sector, demand for home-use frozen foods, such as the One Plate Meal series of complete meals consisting of a main dish and staples in a tray and the Trendy Meal series of rice dishes, was brisk. In addition, the revision of prices of home-use frozen foods in 2022 also contributed to higher sales. As a result, sales of products in this category were higher than the level for the previous year.

In the ready-made meals business, sales were higher than the level for the previous year because of recovery of demand in line with the relaxation of the restrictions on activities.

As a result, net sales of the Food segment increased by 10.2% year on year to ¥204,796 million, while operating income decreased by 15.2% to ¥3,449 million.

Other

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Difference	Change
Net sales	38,471	43,123	4,652	112.1%
Operating income	996	1,263	267	126.8%

Sales of the pet food business were higher than the level for the previous year because of price revisions and an increase in shipped volumes of products whose unit prices are high.

Sales of the restaurant business were higher than the level for the previous year, reflecting the recovery of demand in line with the relaxation of the restrictions on activities and price revisions.

As a result, net sales for the Other segment increased by 12.1% year on year to ¥43,123 million, and operating income increased by 26.8% to ¥1,263 million.

2) Future outlook

The Japanese economy is heading toward normalization as the government endeavors to strike a balance between the promotion of economic activities and COVID-19 countermeasures. However, the current uncertain situation is expected to continue for the time being with regard to increases in raw materials and energy prices reflecting geopolitical risks and sharp exchange rate fluctuations.

In its long-term vision, 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 on the path to achieving this goal, we aim to achieve ¥400 billion in net sales and ¥15 billion in operating income by FY2026.

In order to achieve this goal, we will endeavor to grow our core businesses of flour milling, food ingredients, and processed foods by strengthening our brand power, developing differentiated products, and increasing production capacity. We position frozen foods, ready-made meals, healthcare, and overseas business, which are growth businesses, as priority fields and are focusing management resources on these priority fields while promoting improvement and expansion of supply bases as well as acquisitions and alliances to enhance sales and profit.

In accordance with the management philosophy, the Group will strive to further enhance its corporate value by sincerely addressing the issues confronting society such as climate change and other environmental issues, the need for effective use of food resources, population issues, and the extension of healthy life expectancy.

For the year ending March 31, 2024, management forecasts consolidated net sales of ¥387.0 billion (an increase of 5.9% year on year), operating income of ¥12.5 billion (an increase of 1.7%), ordinary income of ¥14.6 billion (a decrease of 1.5%), and profit attributable to owners of parent of ¥10.8 billion (an increase of 5.3%).

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

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023	Difference
Current assets	130,768	143,021	12,253
Non-current assets	195,063	201,557	6,494
Deferred assets	37	26	(11)
Total assets	325,869	344,606	18,737
Current liabilities	74,842	78,613	3,771
Non-current liabilities	72,328	73,378	1,050
Total liabilities	147,171	151,992	4,821
Total net assets	178,697	192,613	13,915
Total liabilities and net assets	325,869	344,606	18,737

Total assets at the end of fiscal 2023 increased by ¥18,737 million from the previous fiscal year end (March 31, 2022) to ¥344,606 million. This was mainly because investment securities, raw materials and supplies, notes and accounts receivable - trade and contract assets, and cash and deposits increased by ¥8,253 million, ¥5,051 million, ¥3,653 million, and ¥2,751 million, respectively.

Total liabilities increased by ¥4,821 million from the previous fiscal year end to ¥151,992 million. This was mainly because deferred tax liabilities and notes and accounts payable - trade increased by ¥2,931 million and ¥2,759 million, respectively.

Net assets increased by ¥13,915 million from the previous fiscal year end to ¥192,613 million. This was mainly because retained earnings and unrealized holding gain (loss) on securities increased by ¥7,148 million and ¥6,052 million, respectively.

2) Cash flows

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Difference
Cash flows from operating activities	11,975	15,055	3,080
Cash flows from investing activities	(10,103)	(5,026)	5,077
Cash flows from financing activities	(4,278)	(8,402)	(4,124)
Effect of exchange rate changes on cash and cash equivalents	209	394	185
Net increase (decrease) in cash and cash equivalents	(2,196)	2,021	4,218
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1,908)	(78)	1,830
Cash and cash equivalents at end of period	31,215	33,157	1,942

As of March 31, 2023, the balance of cash and cash equivalents stood at ¥33,157 million, an increase of ¥1,942 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 ¥15,055 million. This mainly reflected ¥14,710 million for profit before income taxes, ¥9,966 million for depreciation, ¥7,524 million for increase in inventories and ¥3,796 million for income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥5,026 million. This mainly reflected spending of ¥7,835 million for purchase of fixed assets and ¥2,114 million for proceeds from sales and redemption of securities.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥8,402 million. This mainly reflected spending of ¥5,116 million for repayment of loans payable and ¥3,023 million for cash dividends paid.

—Cash flow indicator trends—

	FY2019	FY2020	FY2021	FY2022	FY2023
Equity ratio (%)	51.2	52.9	53.3	53.4	54.8
Equity ratio at market value (%)	49.6	44.5	41.3	39.2	37.5
Ratio of interest-bearing debt to cash flows (%)	212.4	246.2	304.7	364.5	259.7
Interest coverage ratio (times)	71.3	73.1	71.7	60.8	74.4

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, 2023 and the year ending March 31, 2024

Management considers returning profits to shareholders to be an important management issue. The Company's basic policy is to maintain stable and sustainable dividend payments, with a target payout ratio of 30% or more, while taking into consideration the strengthening of the corporate structure, future business development, and the business environment, as well as internal reserve.

We intend to use free cash flow from a long-term perspective, taking into consideration investment efficiency. Moreover, we intend to flexibly conduct share buybacks.

For the year ended March 31, 2023, the Company will submit a proposal to the Annual Shareholders Meeting for the appropriation of surplus to pay a year-end dividend of ¥21 per share as an ordinary dividend.

The annual dividends, together with the interim dividend already paid, will be ¥40 per share. As a result, dividends will increase for five consecutive fiscal years from the fiscal year ended March 31, 2019.

With regard to cash dividends for the year ending March 31, 2024, the Company plans to pay total cash dividends of ¥40 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)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	34,063	36,815
Notes and accounts receivable - trade and contract assets	50,466	54,119
Merchandise and finished goods	18,484	20,918
Work in process	57	222
Raw materials and supplies	21,348	26,400
Other current assets	6,407	4,607
Allowance for doubtful accounts	(59)	(61)
Total current assets	130,768	143,021
Non-current assets		
Property, plant and equipment		
Buildings and structures	109,650	109,932
Accumulated depreciation	(61,067)	(63,187)
Buildings and structures, net	48,582	46,745
Machinery, equipment and vehicles	125,592	128,309
Accumulated depreciation	(103,100)	(107,139)
Machinery, equipment and vehicles, net	22,492	21,170
Land	41,453	41,027
Construction in progress	471	1,741
Other	13,850	14,497
Accumulated depreciation	(11,238)	(11,715)
Other, net	2,611	2,782
Total property, plant and equipment	115,611	113,467
Intangible assets	2,529	2,175
Investments and other assets		
Investment securities	69,001	77,254
Long-term loans receivable	35	40
Deferred tax assets	1,628	2,075
Retirement benefit asset	2,015	2,370
Other	4,628	4,492
Allowance for doubtful accounts	(385)	(320)
Total investments and other assets	76,922	85,914
Total non-current assets	195,063	201,557
Deferred assets	37	26
Total assets	325,869	344,606

(Millions of yen)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,910	36,669
Short-term loans payable	19,530	17,572
Current portion of bonds	91	221
Income taxes payable	1,926	2,645
Accrued expenses	7,578	8,132
Refund liabilities	7,029	7,445
Provision for bonuses	705	764
Other current liabilities	4,070	5,161
Total current liabilities	74,842	78,613
Non-current liabilities		
Bonds payable	349	128
Convertible bond-type bonds with subscription rights to shares	25,056	25,038
Long-term loans payable	23,684	21,175
Deferred tax liabilities	14,742	17,673
Retirement benefit liability	3,810	3,881
Accrued retirement benefits for directors	462	406
Other non-current liabilities	4,224	5,075
Total non-current liabilities	72,328	73,378
Total liabilities	147,171	151,992
Net assets		
Shareholders' equity		
Capital stock	12,240	12,240
Capital surplus	11,307	9,693
Retained earnings	121,817	128,965
Treasury shares	(3,198)	(1,287)
Total shareholders' equity	142,166	149,612
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	30,409	36,462
Deferred gain (loss) on hedges	88	(23)
Foreign currency translation adjustment	981	2,161
Retirement benefit liability adjustments	475	473
Total accumulated other comprehensive income	31,954	39,074
Subscription rights to shares	195	226
Non-controlling interests	4,381	3,699
Total net assets	178,697	192,613
Total liabilities and net assets	325,869	344,606

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

(Millions of yen)

	FY2022 (From April 1, 2021 to March 31, 2022)	FY2023 (From April 1, 2022 to March 31, 2023)
Net sales	321,317	365,525
Cost of sales	246,390	285,452
Gross profit	74,926	80,073
Selling, general and administrative expenses		
Freight, sales commission and other expenses	21,183	23,707
Salaries and allowances	22,263	22,935
Retirement benefit expenses	687	549
Depreciation	1,462	1,491
Other	18,047	19,101
Total selling, general and administrative expenses	63,644	67,785
Operating income	11,282	12,288
Non-operating income		
Interest income	76	77
Dividend income	1,569	1,923
Rent income on fixed assets	230	227
Share of profit of entities accounted for using equity method	237	309
Foreign exchange gains	248	95
Other	1,254	833
Total non-operating income	3,616	3,468
Non-operating expenses		
Interest expenses	208	202
Cost of rent income	(13)	18
Share exchange related expenses	10	222
Other	422	496
Total non-operating expenses	627	940
Ordinary income	14,270	14,816
Extraordinary income		
Gain on sale of fixed assets	247	12
Gain on sale of investment securities	1,079	743
Total extraordinary income	1,327	756

(Millions of yen)

	FY2022 (From April 1, 2021 to March 31, 2022)	FY2023 (From April 1, 2022 to March 31, 2023)
Extraordinary expenses		
Loss on sale and disposal of fixed assets	137	228
Impairment loss	104	514
Loss of valuation of investment securities	26	82
System failure response costs	1,602	–
Other	157	36
Total extraordinary losses	2,028	862
Profit before income taxes	13,568	14,710
Income taxes - current	4,186	4,494
Income taxes - deferred	209	(132)
Total income taxes	4,396	4,362
Profit	9,172	10,347
Profit (loss) attributable to non-controlling interests	(154)	87
Profit attributable to owners of parent	9,327	10,260

(Consolidated statements of comprehensive income)

(Millions of yen)

	FY2022 (From April 1, 2021 to March 31, 2022)	FY2023 (From April 1, 2022 to March 31, 2023)
Profit	9,172	10,347
Other comprehensive income (loss)		
Unrealized holding gain (loss) on securities	2,622	6,059
Deferred gain (loss) on hedges	51	(113)
Foreign currency translation adjustment	477	1,176
Retirement benefit liability adjustments	169	4
Share of other comprehensive income of entities accounted for using equity method	21	5
Total other comprehensive income (loss)	3,341	7,133
Comprehensive income	12,514	17,481
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	12,670	17,376
Comprehensive income (loss) attributable to non-controlling interests	(156)	105

(3) Consolidated statements of changes in net assets
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
Changes of items during period					
Dividends of surplus			(2,844)		(2,844)
Profit attributable to owners of parent			9,327		9,327
Change in scope of consolidation					-
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(9)	118	109
Change due to share exchanges					-
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
Changes of items during period								
Dividends of surplus								(2,844)
Profit attributable to owners of parent								9,327
Change in scope of consolidation								-
Purchase of treasury shares								(0)
Disposal of treasury shares								109
Change due to share exchanges								-
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

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

(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	11,307	121,817	(3,198)	142,166
Changes of items during period					
Dividends of surplus			(3,023)		(3,023)
Profit attributable to owners of parent			10,260		10,260
Change in scope of consolidation			(69)		(69)
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares			(0)	34	34
Change due to share exchanges			(18)	1,878	1,860
Change due to business combination					–
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(1,613)			(1,613)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(1,613)	7,148	1,911	7,446
Balance at end of current period	12,240	9,693	128,965	(1,287)	149,612

	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	30,409	88	981	475	31,954	195	4,381	178,697
Changes of items during period								
Dividends of surplus								(3,023)
Profit attributable to owners of parent								10,260
Change in scope of consolidation								(69)
Purchase of treasury shares								(2)
Disposal of treasury shares								34
Change due to share exchanges								1,860
Change due to business combination								–
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(1,613)
Net changes of items other than shareholders' equity	6,052	(111)	1,180	(1)	7,120	31	(682)	6,468
Total changes of items during period	6,052	(111)	1,180	(1)	7,120	31	(682)	13,915
Balance at end of current period	36,462	(23)	2,161	473	39,074	226	3,699	192,613

(4) Consolidated statements of cash flows

(Millions of yen)

	FY2022 (From April 1, 2021 to March 31, 2022)	FY2023 (From April 1, 2022 to March 31, 2023)
Operating activities		
Profit before income taxes	13,568	14,710
Depreciation	10,232	9,966
Increase (decrease) in net retirement benefit asset/liability	(475)	(132)
Increase (decrease) in provision for directors' retirement benefits	(323)	(50)
Increase (decrease) in allowance for doubtful accounts	(74)	(65)
Impairment loss	104	514
Interest and dividend income	(1,645)	(2,001)
Interest expenses	208	202
Loss (gain) on sale of investment securities	(1,104)	(804)
Loss (gain) on valuation of investment securities	26	82
Foreign exchange losses (gains)	(184)	(93)
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(237)	(309)
Loss (gain) on sale of fixed assets	(244)	46
Loss on disposal of fixed assets	141	181
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	(8,609)	(3,468)
Decrease (increase) in inventories	(5,563)	(7,524)
Increase (decrease) in notes and accounts payable - trade	7,708	2,555
Increase (decrease) in accrued consumption taxes	(244)	2,385
Decrease (increase) in other receivables	(81)	(598)
Increase (decrease) in other payables	37	1,290
Other, net	327	143
Subtotal	15,194	17,031
Interest and dividend income received	1,640	2,022
Interest expenses paid	(196)	(202)
Income taxes paid	(4,661)	(3,796)
Net cash provided by (used in) operating activities	11,975	15,055

(Millions of yen)

	FY2022 (From April 1, 2021 to March 31, 2022)	FY2023 (From April 1, 2022 to March 31, 2023)
Investing activities		
Decrease (increase) in time deposits	(677)	(546)
Purchase of fixed assets	(10,657)	(7,835)
Proceeds from sale of fixed assets	357	1,205
Purchase of securities	–	(1,000)
Proceeds from sale and redemption of securities	–	2,114
Purchase of investment securities	(1,154)	(176)
Proceeds from sale and redemption of investment securities	2,043	1,593
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(295)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(45)	–
Payments of loans receivable	(7)	(17)
Collection of loans receivable	11	13
Other, net	24	(81)
Net cash provided by (used in) investing activities	(10,103)	(5,026)
Financing activities		
Net increase (decrease) in short-term loans payable	(2,695)	(2,713)
Proceeds from long-term loans payable	4,078	660
Repayment of long-term loans payable	(2,307)	(2,402)
Redemption of bonds	(96)	(91)
Purchase of treasury shares	(0)	(2)
Cash dividends paid	(2,844)	(3,023)
Dividends paid to non-controlling interests	(32)	(19)
Repayments of finance lease obligations	(330)	(299)
Other, net	(50)	(511)
Net cash provided by (used in) financing activities	(4,278)	(8,402)
Effect of exchange rate change on cash and cash equivalents	209	394
Net increase (decrease) in cash and cash equivalents	(2,196)	2,021
Cash and cash equivalents at beginning of period	35,320	31,215
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1,908)	(78)
Cash and cash equivalents at end of period	31,215	33,157

(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

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, restaurant 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.

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

(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	117,604	204,750	322,355	42,166	364,521	–	364,521
Other revenue	–	46	46	957	1,003	–	1,003
Net sales to external customers	117,604	204,796	322,401	43,123	365,525	–	365,525
Internal sales or transfers between segments	2,607	674	3,281	2,201	5,483	(5,483)	–
Total	120,212	205,471	325,683	45,325	371,009	(5,483)	365,525
Segment income	7,528	3,449	10,978	1,263	12,242	45	12,288
Segment assets	117,802	132,403	250,206	24,488	274,694	69,911	344,606
Other items							
Depreciation	2,792	5,553	8,346	1,190	9,536	430	9,966
Increase in property, plant and equipment and intangible assets	2,837	4,109	6,947	1,483	8,431	(75)	8,355

Notes: 1. The “Other” column indicates businesses not included in the reportable segments, including pet food, health food, engineering, restaurant and real estate leasing.

2. Segment income adjustment of ¥45 million is an elimination of inter-segment transactions.

3. Corporate assets included in adjustments of segment assets amounted to ¥70,028 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 ¥(75) 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)

	FY2022 (From April 1, 2021 to March 31, 2022)	FY2023 (From April 1, 2022 to March 31, 2023)
Net assets per share	¥2,268.30	¥2,421.48
Profit per share	¥121.59	¥132.16
Fully diluted profit per share	¥106.02	¥115.39

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

	FY2022 (From April 1, 2021 to March 31, 2022)	FY2023 (From April 1, 2022 to March 31, 2023)
Profit per share		
Profit attributable to owners of parent (Millions of yen)	9,327	10,260
Amount not attributable to common shareholders (Millions of yen)	–	–
Amount pertaining to common stock (Millions of yen)	9,327	10,260
Average number of shares of common stock in the fiscal year (Thousands of shares)	76,712	77,633
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)	11,149	11,172
Summary of residual securities not included in calculation of fully diluted profit per share because of no dilutive effect	–	–

(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.