



Consolidated Financial Results for FY2020 and Forecast for FY2021 [J-GAAP]

May 14, 2020

Listed company name: **Nippon Flour Mills Co., Ltd.**
 Listing: The 1st section of Tokyo Stock Exchange
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 Representative: Masayuki Kondo, President and Chief Operating Officer
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 Date of the general meeting of shareholders: June 26, 2020
 Payment date of cash dividends: June 29, 2020
 Filing date of financial statements: June 26, 2020
 Supplementary materials prepared: Yes
 Results information meeting held: None

*Amounts less than one million yen have been rounded down.

1. Consolidated financial results for the year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(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	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
FY2020	344,839	2.8%	11,101	(1.1)%	12,740	(2.5)%	8,941	5.8%
FY2019	335,399	3.7%	11,222	11.5%	13,065	10.1%	8,455	10.5%

(Note) Comprehensive income: FY2020: ¥6,520 million (-10.2%) FY2019: ¥7,258 million (-39.0%)

	Profit per Share (Yen)	Fully Diluted Profit per Share (Yen)	ROE (%)	Ordinary Income to Total Assets (%)	Operating Income to Net Sales (%)
	FY2020	116.71	101.82	5.9	4.4
FY2019	108.78	97.07	5.6	4.6	3.3

(Reference) Equity in earnings of affiliated companies: FY2020: ¥256 million FY2019: ¥290 million

(2) Consolidated financial position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
	FY2020	290,428	158,581	52.9
FY2019	293,392	154,986	51.2	1,961.17

(Reference) Equity capital: FY2020: ¥153,727 million FY2019: ¥150,147 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
	FY2020	15,532	(14,130)	(759)
FY2019	17,063	(14,614)	7,135	30,085

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			
FY2019	—	15.00	—	17.00	32.00	2,469	29.4	1.7
FY2020	—	16.00	—	18.00	34.00	2,611	29.1	1.7
FY2021 (Forecast)	—	17.00	—	17.00	34.00		37.2	

3. Forecast of consolidated business results for FY2021 (From April 1, 2020 to March 31, 2021)

(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	170,000	(1.3)%	3,500	(34.1)%	4,200	(30.7)%	3,000	(25.9)%	39.15
Full Year	345,000	0.0%	9,000	(18.9)%	10,500	(17.6)%	7,000	(21.7)%	91.35

* 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):	FY2020	78,824,009 shares	FY2019	78,824,009 shares
2) Number of treasury shares at the end of each period:	FY2020	2,157,266 shares	FY2019	2,226,385 shares
3) Average number of shares:	FY2020	76,617,318 shares	FY2019	77,733,795 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 2019	Fiscal 2020	Difference	Change
Net sales	335,399	344,839	9,439	102.8%
Operating income	11,222	11,101	(120)	98.9%
Ordinary income	13,065	12,740	(324)	97.5%
Profit attributable to owners of parent	8,455	8,941	486	105.8%

During the fiscal year ended March 31, 2020, the Japanese economy continued to experience a moderate recovery overall, supported by improvements in the labor market and personal incomes despite a degree of sluggishness in personal consumption due to the impact of the increase in October 2019 of the consumption tax. However, the rapid spread of COVID-19 transformed the situation. Not only the Japanese economy but the world economy suffered a severe blow and the outlook remains uncertain.

The business environment of the food industry is becoming increasingly challenging, reflecting the prevailing frugality of consumers and rising costs, not least labor costs and logistics costs due to labor shortages.

With the aim of maintaining sustainable growth even in this unforeseeable harsh business environment, the Group is strengthening its business foundation as a multifaceted food enterprise by reducing costs and beefing up sales to reinforce the existing business while, at the same time, making vigorous capital investment in promising fields. A facility for bulk shipping of wheat bran has been completed at the Chiba Mill. Capital investment projects currently underway include construction of a new premix plant at the Fukuoka Mill, expansion of a frozen food plant at the Isezaki Plant of NIPPON Frozen Food Co., Ltd., construction of a frozen dough plant of NIPPON (Thailand) Co., Ltd., and construction of a premix plant in Indonesia.

In 2019, we revised the corporate brand logo and slogan. With the new logo and slogan, we aim to get much closer to customers by providing better service in every scene where food is consumed.

Regarding initiatives for environmental protection, we use paper trays made of environmentally friendly raw materials, such as PEFC-certified paper, and eco-paper trays made from unbleached wood pulp for home-use frozen food. In March 2020, the Company received the Minister of Agriculture, Forestry and Fisheries Award in the Environment Category (contribution to energy saving and environmental protection) of the 41st Food Industry Excellent Enterprise Commendation.

Moreover, we are promoting establishment of an internal organizational structure capable of responding to further business development. In this regard, we implemented structural reform of the foods operations and enhanced the structure of the international business operations and the home-use product development structure.

As a result, consolidated net sales for the fiscal year under review increased by 2.8% year on year to ¥344,839 million, operating income decreased by 1.1% to ¥11,101 million, ordinary income decreased by 2.5% to ¥12,740 million, and profit attributable to owners of parent increased by 5.8% to ¥8,941 million.

The performance of individual business segments was as follows.

Flour Milling

(Millions of yen)

	Fiscal 2019	Fiscal 2020	Difference	Change
Net sales	102,736	102,621	(114)	99.9%
Operating income	5,538	5,657	118	102.1%

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, we are engaged in closer communication with our customers to strengthen proposal-driven sales that will lead to resolution of their issues, including by quickly identifying customer needs and reflecting them in product development and through the provision of useful information. Moreover, we conducted vigorous sales & marketing initiatives, including participation in various trade shows and holding of workshops and seminars around Japan, some of which were for management. As a result, sales of wheat flour and wheat bran, a by-product, were virtually unchanged from the level for the previous year.

In line with the decrease of government sales prices (tax inclusive) of imported wheat by 1.7% and by 8.7% on average for the five key products in April 2019 and October 2019, respectively, we revised the prices of our products in July 2019 and January 2020, respectively.

As a result, net sales for the Flour Milling segment decreased by 0.1% year on year to ¥102,621 million, while operating income increased by 2.1% to ¥5,657 million.

Food

(Millions of yen)

	Fiscal 2019	Fiscal 2020	Difference	Change
Net sales	195,696	204,399	8,703	104.4%
Operating income	5,221	4,865	(356)	93.2%

In the professional-use category, the Group engaged in vigorous marketing, including the holding of Italian cookery workshops for professional cooks. As a result, sales of premixes and pastas for professional use were brisk both in Japan and overseas, leading to higher sales than the level for the previous year.

In the home-use product category, we implemented vigorous sales promotion activities, including broadcasting of TV commercials, for the REGALO premium pasta brand and flaxseed-related products that contain rich nutrients such as omega-3 fatty acids. As a result, sales of home-use products were higher than the level for the previous year.

In the home-use frozen foods category, there was brisk demand for the Oh' my Premium series of frozen pasta, which we completely renewed, and for the Yokubari Plate series of complete meals consisting of a main dish and staples, whose lineup we strengthened, for example by the addition of products suitable for breakfast. In addition, we introduced a new series, "Hattori-san-chi no wa okazu (Hattori Family's Japanese dishes)," comprising Japanese dishes produced by Hattori Nutrition College, in order to strengthen the range of Japanese dishes. As a result, sales of home-use frozen foods were higher than the level for the previous year.

In the ready-made meals business, as sales volume increased owing to the start of operation of a new factory in Chita City, Aichi Prefecture, sales were higher than the level for the previous year.

As a result, net sales of the Food segment increased by 4.4% year on year to ¥204,399 million, while operating income decreased by 6.8% to ¥4,865 million.

Other

(Millions of yen)

	Fiscal 2019	Fiscal 2020	Difference	Change
Net sales	36,966	37,818	851	102.3%
Operating income	439	547	107	124.5%

Sales of the healthcare business were higher than the level for the previous year because of strong demand for ceramides, which are functional materials.

Revenue from the real estate leasing business exceeded the level for the previous year as a result of an increase in rental income due to the completion of Link Square Shinjuku in August 2019.

As a result, net sales for the Other segment increased by 2.3% year on year to ¥37,818 million, and operating income increased by 24.5% to ¥547 million.

2) Future outlook

The outlook of the Japanese economy is expected to remain highly unclear because of lost economic opportunities due to the postponement of the Tokyo Olympic and Paralympic Games, in addition to the severe blow dealt by the COVID-19 pandemic to the world economy.

In the food industry, labor shortages and the consequent rise in labor costs are pressing social issues. Moreover, consumers' values and attitudes are diversifying amid rapidly changing lifestyles along with a shrinking population and the progress of population aging. In these circumstances, the Group is striving to further strengthen competitiveness in each business field. On April 1, 2020, the Company conducted an organizational reform and launched an organizational system consisting of four divisions, responsible for the flour milling business, the food business, the ready-made meals business, and the international business, respectively, to enable swift and aggressive business development.

Against the backdrop of the expanding impact of the COVID-19 pandemic, as part of efforts to fulfill its social responsibility the Group is exercising due care and implementing measures to prevent infection of customers and employees so as to ensure safety and a stable supply of food. However, the possibility that changes in consumption behavior in Japan and overseas may have a significant impact on the Group's business results is a concern. Although 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 the introduction of shorter opening hours for certain businesses, are resulting in increased demand for home-use food, in light of the cancellation of large-scale events and other developments, demand for professional-use food for catering and ready-made meals is expected to be sluggish.

For the year ending March 31, 2021, management forecasts consolidated net sales of ¥345.0 billion (unchanged year on year), operating income of ¥9.0 billion (down 18.9% year on year), ordinary income of ¥10.5 billion (down 17.6% year on year) and profit attributable to owners of parent of ¥7.0 billion (down 21.7% year on year).

At present, it is unclear when the COVID-19 pandemic will abate and what its impact on business results will be. If the forecasts require revision in light of developments from now on, the Company will promptly issue a notification of the revisions.

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

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Difference
Current assets	118,330	114,534	(3,796)
Non-current assets	174,988	175,832	844
Deferred assets	73	61	(12)
Total assets	293,392	290,428	(2,963)
Current liabilities	76,100	74,078	(2,022)
Non-current liabilities	62,305	57,768	(4,536)
Total liabilities	138,405	131,847	(6,558)
Total net assets	154,986	158,581	3,594
Total liabilities and net assets	293,392	290,428	(2,963)

Total assets at the end of fiscal 2020 decreased by ¥2,963 million from the previous fiscal year end (March 31, 2019) to ¥290,428 million. This was mainly because property, plant and equipment and cash and deposits increased by ¥5,724 million and ¥870 million, respectively, and investment securities, raw materials and supplies, and notes and accounts receivable - trade decreased by ¥3,947 million, ¥2,513 million, and ¥2,482 million, respectively.

Total liabilities decreased by ¥6,558 million from the previous fiscal year end to ¥131,847 million. This was mainly because notes and accounts payable – trade decreased by ¥7,449 million.

Net assets increased by ¥3,594 million from the previous fiscal year end to ¥158,581 million. This was mainly because retained earnings increased by ¥5,824 million, and unrealized holding gain (loss) on securities decreased by ¥1,979 million.

2) Cash flows

(Millions of yen)

	Fiscal 2019	Fiscal 2020	Difference
Cash flows from operating activities	17,063	15,532	(1,530)
Cash flows from investing activities	(14,614)	(14,130)	484
Cash flows from financing activities	7,135	(759)	(7,895)
Effect of exchange rate changes on cash and cash equivalents	(55)	113	169
Net increase (decrease) in cash and cash equivalents	9,528	755	(8,772)
Increase in cash and cash equivalents from newly consolidated subsidiary	–	171	171
Cash and cash equivalents at end of period	30,085	31,012	927

As of March 31, 2020, the balance of cash and cash equivalents stood at ¥31,012 million, an increase of ¥927 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 ¥15,532 million. This mainly reflected ¥13,386 million for profit before income taxes, ¥8,375 million for depreciation and ¥7,403 million for decrease in notes and accounts payable - trade.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥14,130 million. This mainly reflected spending of ¥15,607 million for purchase of fixed assets.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥759 million. The main factors were proceeds from loans payable amounting to ¥2,001 million and cash dividends paid amounting to ¥2,533 million.

—Cash flow indicator trends—

	FY2016	FY2017	FY2018	FY2019	FY2020
Equity ratio (%)	52.7	56.8	56.0	51.2	52.9
Equity ratio at market value (%)	60.0	52.3	48.4	49.6	44.5
Ratio of interest-bearing debt to cash flows (%)	222.8	223.7	293.1	212.4	246.2
Interest coverage ratio (times)	54.6	60.2	56.4	71.3	73.1

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, 2020 and the year ending March 31, 2021

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.

Taking into consideration recent business results and financial conditions from a comprehensive perspective, the Company intends to pay a year-end dividend of ¥18 per share for the fiscal year under review, an increase of ¥2 as announced on February 6, 2020, in order to reward shareholders for their support. The total cash dividends for the full year will amount to ¥34 per share, including the interim dividend paid.

With regard to cash dividends for the year ending March 31, 2021, the Company plans to pay total cash dividends of ¥34 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)

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

(Millions of yen)

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

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

(Millions of yen)

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2020 (From April 1, 2019 to March 31, 2020)
Net sales	335,399	344,839
Cost of sales	243,017	247,264
Gross profit	92,381	97,575
Selling, general and administrative expenses		
Freight, sales commission and other expenses	43,535	46,675
Provision of allowance for doubtful accounts	–	0
Salaries and allowances	19,943	20,700
Retirement benefit expenses	986	788
Depreciation	1,138	1,178
Other	15,555	17,130
Total selling, general and administrative expenses	81,159	86,473
Operating income	11,222	11,101
Non-operating income		
Interest income	121	102
Dividend income	1,316	1,526
Rent income on fixed assets	301	158
Share of profit of entities accounted for using equity method	290	256
Foreign exchange gains	23	–
Other	396	379
Total non-operating income	2,448	2,422
Non-operating expenses		
Interest expenses	230	210
Cost of rent income	32	53
Foreign exchange losses	–	64
Other	342	455
Total non-operating expenses	605	783
Ordinary income	13,065	12,740
Extraordinary income		
Gain on sales of fixed assets	3	279
Gain on sales of investment securities	41	841
Compensation for expropriation	–	488
Other	7	–
Total extraordinary income	52	1,609

(Millions of yen)

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2020 (From April 1, 2019 to March 31, 2020)
Extraordinary expenses		
Loss on sales and disposal of fixed assets	182	112
Loss of valuation of investment securities	55	247
Demolition expenses	384	72
Expense on restructuring of factory	139	–
Expenses for change of the corporate brand logo and related items	–	397
Other	51	132
Total extraordinary losses	812	962
Profit before income taxes	12,305	13,386
Income taxes - current	3,725	4,164
Income taxes - deferred	(4)	205
Total income taxes	3,720	4,369
Profit	8,584	9,016
Profit attributable to non-controlling interests	129	74
Profit attributable to owners of parent	8,455	8,941

(Consolidated statements of comprehensive income)

(Millions of yen)

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

(3) Consolidated statements of changes in net assets
FY2019 (From April 1, 2018 to March 31, 2019)

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

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

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
Retirement of treasury shares					-
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 benefits liability adjustments	Total accumulated other comprehensive income			
Balance at beginning of current period	26,424	(2)	572	(495)	26,498	287	4,552	154,986
Changes 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
Retirement of treasury shares								-
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

(4) Consolidated statements of cash flows

(Millions of yen)

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

(Millions of yen)

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

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

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

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

2. Segment income adjustment of ¥21 million is an elimination of inter-segment transactions.

3. Corporate assets included in adjustments of segment assets amounted to ¥59,889 million and mainly comprise the Company's surplus funds (cash and deposits, and securities) and property, plant and equipment concerning administrative operations.

4. Adjustments amounting to ¥69 million for the increase in property, plant and equipment and intangible assets mainly relate to capital investment by the administrative departments and elimination of inter-segment transactions.

5. Segment income 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.

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.

(Per share information)

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

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

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2020 (From April 1, 2019 to March 31, 2020)
Profit per share		
Profit attributable to owners of parent (Millions of yen)	8,455	8,941
Amount not attributable to common shareholders (Millions of yen)	–	–
Amount pertaining to common stock (Millions of yen)	8,455	8,941
Average number of shares of common stock in the fiscal year (Thousands of shares)	77,733	76,617
Fully diluted profit per share		
Amount attributable to owners of parent (Millions of yen)	(10)	(12)
<of which interest income (after deducting the amount equivalent to tax)> (Millions of yen)	<(10)>	<(12)>
Increase in common stock (Thousands of shares)	9,262	11,081
Summary of residual securities not included in calculation of fully diluted profit per share because of no dilutive effect	–	–