

Summary of Consolidated Financial Results

For the fiscal year ended March 31, 2020(Japanese Accounting Standards)

May 20, 2020

Company name: Fuji Nihon Seito Corporation Listing: The 2nd Section of Tokyo Stock Exchange
 Stock code: 2114 <https://www.fnsugar.co.jp>
 Company Representative: Seiji Sakurada, President and Chief Executive Officer
 Contact person in charge: Atsuko Yoshimizu, Director & Executive Officer, Division Head of Administration

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Scheduled date for annual general meeting of shareholders: June 23, 2020

Scheduled date of delivery of dividends: June 8, 2020

Scheduled filing date of quarterly financial report: June 23, 2020

Preparation of supplementary material for quarterly financial statements: None

Briefing session for quarterly financial statements: None

(Rounded down to millions of Japanese yen)

1. Consolidated Financial Results for the year ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(1) Consolidated Results of Operations (Percentages are shown as year-on-year changes)

| | Net sales | | Operating Profit | | Ordinary Profit | | Profit attributable to owners of parent | |
|--------------------|-------------|-------|------------------|------|-----------------|------|---|--------|
| For the year ended | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| March 31, 2020 | 18,958 | (3.4) | 1,491 | 10.5 | 1,644 | 4.5 | 1,197 | 248 |
| March 31, 2019 | 19,634 | (1.1) | 1,349 | 45.2 | 1,573 | 28.4 | 344 | (56.7) |

Note: Comprehensive income

Year ended March 31, 2020: 1,022 million yen (-%)

Year ended March 31, 2019: (288) million yen (-%)

| | Net Profit per Share | Diluted Net Profit per Share | Return on Equity | Ordinary Profit Ratio to Total Assets | Operating Profit Ratio to Net Sales |
|--------------------|----------------------|------------------------------|------------------|---------------------------------------|-------------------------------------|
| For the year ended | Yen | Yen | % | % | % |
| March 31, 2020 | 44.58 | — | 7.2 | 7.5 | 7.9 |
| March 31, 2019 | 12.81 | — | 2.1 | 6.9 | 6.9 |

(Reference) Equity in net income of affiliates: For the year ended March 31, 2020: 111 million yen

For the year ended March 31, 2019: 108 million yen

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio | Net Assets per Share |
|--------------------|--------------|-------------|--------------|----------------------|
| For the year ended | Million yen | Million yen | % | Yen |
| March 31, 2020 | 21,490 | 16,853 | 78.9 | 631.77 |
| March 31, 2019 | 22,162 | 16,209 | 73.6 | 607.19 |

(Reference) Shareholders' Equity: As of March 31, 2020: 16,964 million yen As of March 31, 2019: 16,304 million yen

(3) Consolidated Statements of Cash Flows

| | Operating Activities | Investing Activities | Financing Activities | Cash and Cash Equivalents as of the year-end |
|--------------------|----------------------|----------------------|----------------------|--|
| For the year ended | Million yen | Million yen | Million yen | Million yen |
| March 31, 2020 | 749 | (901) | (576) | 2,938 |
| March 31, 2019 | 1,219 | 565 | (807) | 3,673 |

2. Cash Dividends

| | Cash Dividend per Share | | | | | Total Cash Dividends (annual) | Payout Ratio (consolidated) | Ratio of Dividends to Net Assets (consolidated) |
|--------------------------------------|-------------------------|------|-----|-------|--------|-------------------------------|-----------------------------|---|
| | 1Q | 2Q | 3Q | 4Q | Annual | | | |
| For the year ended | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| March 31, 2019 | — | 0.00 | — | 11.00 | 11.00 | 295 | 85.9 | 1.8 |
| March 31, 2020 | — | 0.00 | — | 11.00 | 11.00 | 295 | 24.7 | 1.8 |
| Year ended March 31, 2021 (forecast) | — | 0.00 | — | 11.00 | 11.00 | | 32.8 | |

3. Consolidated Business Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 - March 31, 2021)

(Percentages are shown as year-on-year changes)

| | Net Sales | | Operating Profit | | Ordinary Profit | | Profit attributable to owner of parent | | Net Profit per Share |
|----------------------------|-------------|-----|------------------|--------|-----------------|--------|--|--------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Year ending March 31, 2021 | 19,000 | 0.2 | 1,150 | (22.9) | 1,300 | (21.0) | 900 | (24.8) | 33.52 |

※ Notes

(1) Significant changes in subsidiaries during the period

(Change in specified subsidiaries resulting in change of scope of consolidation): None

(2) Changes in accounting policy and accounting estimates and restatement

- (i) Changes in accounting policy due to any revision of accounting standards: Yes
- (ii) Changes in accounting policy other than (i) above: None
- (iii) Changes in accounting estimates: Yes
- (iv) Restatement: None

(3) Number of outstanding shares (Common Shares)

| | | | | |
|---|----------------------|------------|----------------------|------------|
| (i) Number of outstanding shares at the end of period (including Treasury Shares) | As of March 31, 2020 | 29,748,200 | As of March 31, 2019 | 29,748,200 |
| (ii) Number of Treasury Shares at the end of period | As of March 31, 2020 | 2,896,020 | As of March 31, 2019 | 2,895,956 |
| (iii) Average number of shares during the period | As of March 31, 2020 | 26,852,234 | As of March 31, 2019 | 26,852,323 |

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1. The Results for the Fiscal Year 2019

(1) Overview of operating results for the fiscal year 2019

In fiscal year 2019, the Japanese economy has been continued uncertain situation facing the global trade policy, slumping personal consumption after raising the consumption tax. Furthermore, the world economy has been strongly influenced by the spread of COVID-19.

The sugar refining industry has been facing difficult situation due to invasion of sweetened preparations, isomerized sugar, and other sweeteners under the down trend of sugar consumption.

Under these economic circumstances, our group made effort to continue quality management process and increase customer satisfaction, and we keep the stable and constant supply of sugar. On the functional materials, we keep promoting about sales activities with high-value-added proposals.

As a result, our consolidated net sales decreased 3.4% year on year to 18,958 million yen. Operating profit increased 10.5% year on year to 1,491 million yen. Ordinary profit increased 4.5% year on year to 1,644 million yen. Net profit attributable to owners of parent increased 248.0% year on year to 1,197 million yen.

Operating results of each segment is as follows:

① Sugar Business

Regarding the Sugar Business, the overseas raw sugar market opened with 12.53 cents (per pound) at the New York Futures Market at the beginning of the current term. On February 12th, it had been appreciated to 15.90 cents due to an observation that at close to global supply and demand is tight by reduced production at major producing countries such as Thailand and India. However, it turned to risk-off by the worldwide spread of COVID-19 and fell sharply, it ended with 10.42 cents at the end of the current term.

On the other hand, the Tokyo Spot Market price at 187 to 188 yen per kilogram (published in Nihon Keizai Newspaper) at the beginning of the current term, and it ended with the same price at the end of term.

Sales volume was going well in April because of ten consecutive golden week holidays in May at the beginning of the current term. After that, it decreased mainly in beverages and confectionery by the long and chilly rainy season, the tendency of warm winter, and invasion of the sweetened preparations. Moreover, at the turning of 2020, the sugar consumption was down due to the influence of the spread of COVID-19 and the sales volume was greatly less than the same period of last year. However, as a result of solid and stable purchase of the raw sugar and try for further cost reduction, consolidated net sales decreased 4.0% year on year to 10,727 million yen and operating profit increased 2.2% year on year to 1,579 million yen.

② Functional Materials Business

Regarding the Functional Materials Business, the sales volume of functional dietary fiber "Inulin" increased from the same period of last year by adopting functional foods using our Inulin for big users and receiving a good reputation as low-glucide and strengthening intake of protein material.

As for the overseas sales, as a result of focusing on the sales in Thailand and other Asian countries around Thailand, Inulin adopted powdered dairy products and soy beverages as strengthening dietary fiber material, and the sales volume increased significantly.

In the floral preservatives so-called "Keep Flower" was affected a slump in cut flowers consumption, however, net sales increased as a result of strengthening the brand power by TV commercial on broadcasting satellites and introducing new commercial products.

Regarding UNITEC FOODS Co. Ltd., a consolidated subsidiary, decreased the sales volume of gelatin as leading products. Though they focused on the sales of other goods, it ended with decreased sales volume.

As a result, net sales decreased 2.5% year on year to 7,432 million yen and operating profit increased 50.0% year on year to 320 million yen.

③ Real Estate Business

Regarding the Real Estate Business, consolidated net sales decreased 2.2% year on year to 601 million yen and operating profit decreased 5.9% year on year to 512 million yen.

④ Other Food Business

Regarding the Other Food Business, such as bakery business in Thailand, consolidated net sales decreased 13.4% year on year to 198 million yen. Operating losses of 56 million yen (operating losses on the same period of last year was 91 million yen).

(2) Overview of financial position for the fiscal year 2019

Total assets as of March 31, 2020 decreased by 3.0% compared to the end of the previous fiscal year to 21,490 million yen.

The changes of financial position of fiscal year 2019 are as follows:

① Assets

Current assets decreased by 10.4% compared to the end of previous fiscal year to 9,479 million yen. This was mainly due to decrease of cash, cash equivalent and so on.

Non-Current assets increased by 3.7% compared to the end of the previous fiscal year to 12,011 million yen. This was mainly due to increase of long-term loans receivable under others, and so on.

② Liabilities

Current liabilities decreased by 26.1% compared to the end of the previous fiscal year to 3,152 million yen. This was mainly reflected a decrease of notes and accounts payable-trade and so on.

Non-current liabilities decreased by 11.9% compared to the end of the previous fiscal year to 1,484 million yen.

This was mainly due to a decrease of long-term loans and so on.

③ Net assets

Net assets increased by 4.0% compared to the end of the previous fiscal year to 16,853 million yen. This was mainly reflected an increase of retained earnings and so on.

(3) Overview of cash flows for the fiscal year 2019

Cash and cash equivalents (hereinafter called "Funds") as of March 31, 2020 decreased by 734 million yen from the end of the previous fiscal year to 2,938 million yen.

Changes in cash flow for fiscal year 2019 and the reasons are as follows.

① Cash flow from operating activities

The funds provided by operating activities amounted to 749 million yen (comparing with the fiscal year 2018: decreased by 38.5%). This mainly reflected to book Profit before income taxes, a decrease of inventories and so on.

② Cash flow from financing activities

Financing activities caused funds used in the amount of 901 million yen (the fiscal year 2018: provided by 565 million yen). This mainly reflected income from the sales of investment securities and so on.

③ Cash flow from financing activities

Financing activities caused funds used in the amount of 576 million yen (comparing with the fiscal year 2018: decreased by 28.6%). This mainly reflected cash used of repayment of long-term loans payable, dividends paid and so on.

(Reference) Change in cash-flow-related indices

| | Fiscal year 2015 | Fiscal year 2016 | Fiscal year 2017 | Fiscal year 2018 | Fiscal year 2019 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Equity ratio (%) | 69.7 | 72.2 | 72.6 | 73.6 | 78.9 |
| Market-Price-based equity ratio (%) | 53.7 | 67.4 | 77.6 | 69.8 | 62.6 |
| Cash flow / interest bearing liabilities ratio (years) | 1.8 | — | 1.4 | 1.6 | 2.2 |
| Interest coverage ratio (times) | 44.1 | — | 55.2 | 46.7 | 36.1 |

(Notes) Equity ratio: Shareholder's equity ÷ Total assets

Market-price-based equity ratio : Value of shares ÷ Total assets

Cash flow / interest bearing liabilities ratio : Interest-bearing debt ÷ Cash flow from operating activities

Interest coverage ratio : Cash flow from operating activities ÷ Interest payment

※ 1. Data on a consolidated basis is used for computations.

2. Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year with the number of outstanding shares (excluding treasury stock) as of that date.

3. Cash flow used is operating cash flow. Interest payments equal the amount of interest paid on the consolidated cash flow statements.

4. Ratio of cash flows to interest-bearing debt and interest coverage ratio in the fiscal year ending March 31, 2017 are not stated because, Fiscal year 2016's cash flow from operating activities are negative.

(4) Outlook for the next fiscal year 2020

In the next fiscal year, the economic situation remains unpredictable under the spread of COVID-19. Our Group will make effort to maintain the stable and constant supply of our products and quality management process as priority challenge. We will also focus on promote overseas business especially with consolidated subsidiaries in Thailand.

In the sugar business, we are going to focus on make continuous efforts of customer-focused and efficient sales. However, we anticipate the continuance of severe sales environment under the down trend of sugar consumption due to invasion of sweetened preparations, isomerized sugar and other sweeteners, and the current aging society with a declining birthrate. Moreover, the end of COVID-19 is unclear. We are going to purchase the raw materials stably and try to more cost-reduction.

In the functional material business-Inulin on domestic sales, we are going to aim new registration of functional foods and continue to make effort to expand sales for wide range of market. On the global sales, we expect to expand sales in each Asian country that has a brisk demand of dietary fiber. In addition, in each department belong to functional materials business segments, we are going to try to reduce costs as well.

In the real estate business, we are going to focus on ensuring stable profit by continuous maintenance and operation for the company properties.

Overall, the full-year consolidated sales forecasts for the fiscal year ending March 31, 2021 are follows:

Consolidated net sales of 19,000 million yen (up 0.2% year on year), operating profit of 1,150 million yen (down 22.9% year on year), ordinary income of 1,300 million yen (down 21.0% year on year), and Net income of 900 million yen (down 24.8% year on year).

2. Basic Policy regarding selection of Accounting Standards

The Company Group chose to adopt the Japanese Accounting Standards for the consolidated financial statements taking into consideration that of ensuring comparability with the prior fiscal years and among corporations successively. Depending on circumstance changes, the Group would continue to response to revision of the Japanese Accounting Standards and study arbitrary application of the IFRS both in Japan and overseas.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

| | Yearend FY 2018 (As of March 31, 2019) | Yearend FY 2019 (As of March 31, 2020) |
|--|---|---|
| Assets | | |
| Current assets | | |
| Cash, cash equivalent and deposits | 3,373,473 | 2,638,735 |
| Notes and accounts receivable-trade | 2,702,826 | 2,569,323 |
| Marketable securities | 300,000 | 300,000 |
| Merchandise and finished goods | 2,118,084 | 2,115,006 |
| Work in process | 139,172 | 142,800 |
| Raw materials and supplies | 909,946 | 686,590 |
| Other current assets | 1,035,346 | 1,029,209 |
| Allowance for doubtful debts | (1,964) | (2,406) |
| Total current assets | 10,576,885 | 9,479,259 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures (net) | 466,637 | 424,033 |
| Machinery, equipment and vehicles(net) | 116,644 | 120,163 |
| Land | 2,527,435 | 2,527,435 |
| Construction in progress | - | 5,380 |
| Other non-current assets (net) | 89,643 | 74,088 |
| Total property, plant and equipment | 3,200,360 | 3,151,100 |
| Intangible assets | | |
| Goodwill | 145,853 | 37,864 |
| Other intangible assets | 128,231 | 129,230 |
| Total intangible assets | 274,084 | 167,094 |
| Investment and other assets | | |
| Investment securities | 6,163,389 | 6,305,030 |
| Long-term loans receivable | 1,814 | 341,736 |
| Long-term loans receivable from subsidiaries | 1,689,800 | 1,757,700 |
| Others | 279,092 | 313,502 |
| Allowance for doubtful debts | (22,594) | (24,430) |
| Total investments and other assets | 8,111,502 | 8,693,538 |
| Total non-current assets | 11,585,948 | 12,011,734 |
| Total assets | 22,162,833 | 21,490,994 |

(Thousand yen)

| | Yearend FY 2018 (As of March 31, 2019) | Yearend FY 2019 (As of March 31, 2020) |
|--|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 1,461,566 | 977,866 |
| Short-term loans payable | 1,426,020 | 1,315,989 |
| Income taxes payable | 500,264 | 96,424 |
| Accrued consumption taxes | 92,007 | 17,691 |
| Provision for bonuses | 114,408 | 116,663 |
| Other current liabilities | 673,113 | 627,678 |
| Total current liabilities | 4,267,380 | 3,152,314 |
| Non-current liabilities | | |
| Long-term loans payable | 466,082 | 294,859 |
| Deferred tax liabilities | 626,590 | 545,944 |
| Retirement benefits liabilities | 22,670 | 53,268 |
| Liabilities on assets disposal | 66,652 | 67,328 |
| Other non-current liabilities | 503,778 | 523,361 |
| Total non-current liabilities | 1,685,773 | 1,484,762 |
| Total liabilities | 5,953,153 | 4,637,076 |
| Net Equity | | |
| Shareholders' equity | | |
| Share capital | 1,524,460 | 1,524,460 |
| Capital surplus | 2,049,343 | 2,049,343 |
| Retained earnings | 11,724,125 | 12,557,481 |
| Treasury stock | (717,126) | (717,161) |
| Total shareholders' equity | 14,580,802 | 15,414,123 |
| Cumulative other comprehensive income | | |
| Valuation difference on available-for-sales securities | 1,727,271 | 1,525,792 |
| Foreign currency translation adjustment | 41,938 | 104,603 |
| Re-measurements of defined benefit plans | (45,575) | (80,165) |
| Total cumulative other comprehensive income | 1,723,634 | 1,550,229 |
| Non-controlling interests | (94,757) | (110,434) |
| Total Equity | 16,209,679 | 16,853,917 |
| Total Liabilities and Equity | 22,162,833 | 21,490,994 |

(2) Consolidated Statements of Profit or Loss
and Consolidated Statement of Comprehensive Profit or Loss

Consolidated Statements of Profit or Loss

(Thousand yen)

| | Fiscal year 2018 (From April 1, 2018 to March 31, 2019) | Fiscal year 2019 (From April 1, 2019 to March 31, 2020) |
|--|---|---|
| Net sales | 19,634,486 | 18,958,964 |
| Cost of sales | 14,549,306 | 13,698,310 |
| Gross profit | 5,085,179 | 5,260,653 |
| Selling, general and administrative expenses | 3,736,164 | 3,769,420 |
| Operating profit | 1,349,015 | 1,491,233 |
| Non-operating income | | |
| Interest income | 27,303 | 32,812 |
| Dividends received | 76,005 | 76,125 |
| Foreign exchange gains | 28,864 | - |
| Share of Equity in earnings of affiliates | 108,917 | 111,255 |
| Other non-operating income | 35,311 | 23,029 |
| Total non-operating income | 276,403 | 243,222 |
| Non-operating expenses | | |
| Interest expenses | 31,456 | 23,000 |
| Foreign exchange losses | - | 58,654 |
| Provision of allowance for doubtful accounts | 6,368 | 394 |
| Other non-operating expense | 13,702 | 7,790 |
| Total non-operating expense | 51,527 | 89,839 |
| Ordinary profit or loss | 1,573,892 | 1,644,616 |
| Extraordinary income | | |
| Gain on sales investment securities | 589,638 | 12 |
| Total extraordinary income | 589,638 | 12 |
| Extraordinary loss | | |
| Loss on disposal of fixed assets | 1,937 | - |
| Impairment loss | 1,151,835 | - |
| Loss on sales of investment securities | 3,267 | 15,341 |
| Loss on valuation of investment securities | 21,175 | - |
| Total extraordinary losses | 1,178,216 | 15,341 |
| Profit before income taxes | 985,314 | 1,629,286 |
| Income taxes-current | 672,158 | 416,415 |
| Income taxes-deferred | 21,858 | 24,182 |
| Total income taxes | 694,017 | 440,597 |
| Profit for the year | 291,297 | 1,188,689 |
| Loss attributable to non-controlling interests | (52,721) | (8,391) |
| Profit for the year attributable to owners of parent | 344,019 | 1,197,080 |

Consolidated Statements of Comprehensive Profit or Loss

(Thousand yen)

| | Fiscal year 2018 (From April 1, 2018 to March 31, 2019) | Fiscal year 2019 (From April 1, 2019 to March 31, 2020) |
|---|---|---|
| Profit for the year | 291,297 | 1,188,689 |
| Other comprehensive income | | |
| Evaluation at fair value on marketable securities | (528,378) | (201,479) |
| Foreign currencies translation adjustment | (35,943) | 70,056 |
| Re-measurements of defined benefit plans, (net of tax) | (15,020) | (34,590) |
| Total other comprehensive income for the year | (579,341) | (166,013) |
| Comprehensive income for the year | (288,044) | 1,022,675 |
| Comprehensive income attributable to: | | |
| Owners of parent | (233,208) | 1,025,936 |
| Non-controlling interests | (54,835) | (3,260) |

(3) Consolidated Statements of Changes in Equity

Fiscal Year 2018 (April 1, 2018 to March 31, 2019)

(Thousand Yen)

| | Shareholders' Equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|--------------------------------|
| | Share Capital | Capital Surplus | Retained Earnings | Treasury Shares | The Total Shareholders' Equity |
| Balance at beginning of current period | 1,524,460 | 2,049,343 | 11,743,913 | (717,035) | 14,600,682 |
| Cumulative effects on changes of accounting policies | | | | | |
| Restated balance | 1,524,460 | 2,049,343 | 11,743,913 | (717,035) | 14,600,682 |
| Changes | | | | | |
| Dividends | | | (295,376) | | (295,376) |
| Profit for the year | | | 344,019 | | 344,019 |
| Change in scope of consolidation | | | (68,431) | | (68,431) |
| Purchase of Treasury Shares | | | | (90) | (90) |
| Net changes of items other than Shareholders' Equity | | | | | |
| Total changes of items during the period | — | — | (19,788) | (90) | (19,879) |
| Balance at the end of the period | 1,524,460 | 2,049,343 | 11,724,125 | (717,126) | 14,580,802 |

| | Cumulative Other Comprehensive Income | | | | Non-controlling Interests | The Total Net Assets |
|--|--|---|---|---|---------------------------|----------------------|
| | Valuation at fair value on Marketable Securities | Foreign Currency Translation Adjustment | Re-measurements of Defined Benefits Plans | Total Cumulative Other Comprehensive Income | | |
| Balance at beginning of current period | 2,255,650 | 73,507 | (30,555) | 2,298,602 | (41,727) | 16,857,556 |
| Cumulative effects on changes of accounting policies | | | | | | |
| Restated balance | 2,255,650 | 73,507 | (30,555) | 2,298,602 | (41,727) | 16,857,556 |
| Changes | | | | | | |
| Dividends | | | | | | (295,376) |
| Profit for the year | | | | | | 344,019 |
| Change in scope of Consolidation | | | | | | (68,431) |
| Purchase of Treasury Shares | | | | | | (90) |
| Net changes of items other than Shareholders' Equity | (528,378) | (31,569) | (15,020) | (574,967) | (53,029) | (627,997) |
| Total changes of items during period | (528,378) | (31,569) | (15,020) | (574,967) | (53,029) | (647,876) |
| Balance at the end of current period | 1,727,271 | 41,938 | (45,575) | 1,723,634 | (94,757) | 16,209,679 |

Fiscal Year 2019 (April 1, 2019 to March 31, 2020)

(Thousand Yen)

| | Shareholders' Equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|--------------------------------|
| | Share Capital | Capital Surplus | Retained Earnings | Treasury Shares | The Total Shareholders' Equity |
| Balance at beginning of current period | 1,524,460 | 2,049,343 | 11,724,125 | (717,126) | 14,580,802 |
| Cumulative effects on changes of accounting policies | | | (68,350) | | (68,350) |
| Restated balance | 1,524,460 | 2,049,343 | 11,655,775 | (717,126) | 14,512,452 |
| Changes | | | | | |
| Dividends | | | (295,374) | | (295,374) |
| Profit for the year | | | 1,197,080 | | 1,197,080 |
| Change in scope of consolidation | | | | | - |
| Purchase of Treasury Shares | | | | (35) | (35) |
| Net changes of items other than Shareholders' Equity | | | | | |
| Total changes of items during the period | — | — | 901,706 | (35) | 901,670 |
| Balance at the end of the period | 1,524,460 | 2,049,343 | 12,557,481 | (717,161) | 15,414,123 |

| | Cumulative Other Comprehensive Income | | | | Non-controlling Interests | The Total Net Assets |
|--|--|---|---|---|---------------------------|----------------------|
| | Valuation at fair value on Marketable Securities | Foreign Currency Translation Adjustment | Re-measurements of Defined Benefits Plans | Total Cumulative Other Comprehensive Income | | |
| Balance at beginning of current period | 1,727,271 | 41,938 | (45,575) | 1,723,634 | (94,757) | 16,209,679 |
| Cumulative effects on changes of accounting policies | | | | | | (68,350) |
| Restated balance | 1,727,271 | 41,938 | (45,575) | 1,723,634 | (94,757) | 16,141,329 |
| Changes | | | | | | |
| Dividends | | | | | | (295,374) |
| Profit for the year | | | | | | 1,197,080 |
| Change in scope of Consolidation | | | | | | - |
| Purchase of Treasury Shares | | | | | | (35) |
| Net changes of items other than Shareholders' Equity | (201,479) | 62,664 | (34,590) | (173,405) | (15,677) | (189,082) |
| Total changes of items during period | (201,479) | 62,664 | (34,590) | (173,405) | (15,677) | 712,587 |
| Balance at the end of current period | 1,525,792 | 104,603 | (80,165) | 1,550,229 | (110,434) | 16,853,917 |

(4) Consolidated Statements of Cash Flows

(Thousand Yen)

| | Fiscal Year 2018 (April 1, 2018 to March 31, 2019) | Fiscal Year 2019 (April 1, 2019 to March 31, 2020) |
|--|--|--|
| Cash Flows from Operating Activities | | |
| Profit before income taxes | 985,314 | 1,629,286 |
| Depreciation and amortization | 205,123 | 134,290 |
| Amortization of goodwill | 107,989 | 107,989 |
| Impairment loss | 1,151,835 | - |
| Increase (decrease) in provision for bonuses | (3,714) | 2,255 |
| Increase (decrease) in allowance for doubtful debts | 4,572 | 2,300 |
| Increase (decrease) in retirement benefits liability | (17,205) | (19,288) |
| Interest earned and dividend income | (103,309) | (108,937) |
| Interest expenses | 31,456 | 23,000 |
| Foreign exchange losses (gains) | (28,864) | 58,654 |
| Share of Equity in (earning) losses of affiliates | (108,917) | (111,255) |
| Loss (gain) on sales of investment securities | (586,371) | 15,329 |
| Loss (gain) on valuation of investment securities | 21,175 | - |
| Loss on disposal of fixed assets | 1,937 | - |
| Decrease (increase) in notes and account receivable-trade | 141,543 | 129,869 |
| Decrease (increase) in inventories | (272,753) | 215,740 |
| Decrease (increase) in accrued receivable-other | 34,189 | 3,376 |
| Decrease (increase) in other current assets | 5,408 | (6,170) |
| Increase (decrease) in notes and accounts payable- trade | 24,850 | (479,476) |
| Increase (decrease) in accrued consumption taxes | (83,524) | (74,315) |
| Increase (decrease) in other current liabilities | 48,832 | (47,899) |
| Increase (decrease) in other non-current liabilities | (28,258) | (20,027) |
| Others (net amount) | (10,265) | (791) |
| Subtotal | 1,521,042 | 1,453,930 |
| Interest and dividends received | 122,610 | 121,820 |
| Interest expenses paid | (26,123) | (20,762) |
| Corporate income taxes paid | (398,453) | (805,129) |
| Net cash provided by (used in) operating activities | 1,219,075 | 749,858 |

(Thousand Yen)

| | Fiscal Year 2018 (April 1, 2018 to March 31, 2019) | Fiscal Year 2019 (April 1, 2019 to March 31, 2020) |
|---|--|--|
| Net Cash provided by (used in) Investing Activities | | |
| Proceeds from sales and redemption of securities | 737,173 | 84,896 |
| Purchase of investment securities | (38,579) | (439,199) |
| Purchase of property, plant and equipment | (148,769) | (90,077) |
| Proceeds from sales of property, plant and equipment | 128 | - |
| Purchase of intangible assets | (42,931) | (26,821) |
| Collection of long-term loans receivable | 898,550 | 1,075,200 |
| Payments of long-term loans receivable | (840,000) | (1,470,000) |
| Payments for guarantee deposits | - | (35,875) |
| Net cash provided by (used in) investing activities | 565,570 | (901,877) |
| Net Cash provided by (used in) Financing Activities | | |
| Net increase (decrease) in short-term loans payable | (18,937) | 12,250 |
| Borrowing against long-term loans payable | 210,000 | 6,020 |
| Repayment of long-term loans payable | (703,164) | (278,878) |
| Purchase of treasury stock | (90) | (35) |
| Repayment of lease obligations | - | (20,835) |
| Dividends paid | (295,376) | (295,374) |
| Net cash provided by (used in) financing activities | (807,569) | (576,854) |
| Effect of exchange rate change on Cash and Cash Equivalents | 3,371 | (5,863) |
| Net increase (decrease) in Cash and Cash Equivalents | 980,447 | (734,737) |
| Cash and Cash Equivalents at the beginning of period | 2,643,407 | 3,673,473 |
| Net increase (decrease) in Cash and Cash Equivalents by new consolidation | 49,617 | - |
| Cash and Cash Equivalents at the end of period | 3,673,473 | 2,938,735 |

(5) Notes on consolidated financial statements

(Notes on assumptions of going concern)

None

(Changes in accounting policies)

(IFRS 16 "Leases")

Commencing the 1st quarter of fiscal year 2019, the subsidiaries which have been applied International Financial Reporting Standards (IFRS) have adopted IFRS 16 "Leases" (hereinafter, IFRS 16). In accordance with the application of this standard, the lessee will, in principle, recognize assets and liabilities for all lease transactions. Upon applying IFRS 16, our Group has adopted the method where the cumulative effect of applying this standard is recognized at the beginning of the 1st quarter of fiscal year 2019, which is allowed as a transitional measure.

Under this change in accounting policies, we have recognized other non-current assets (net) of 519 thousand yen increase, other current liabilities of 19,966 thousand yen increase, and other non-current liabilities of 40,642 thousand yen increase at the end of the fiscal year 2019. The change on consolidated results is immaterial. Retained earnings at the beginning of the period decreased by 68,350 thousand yen.

Regarding consolidated statements of cash flows, net cash provided by (used in) operating activities decreased by 20,835 thousand yen, and net cash provided by (used in) financing activities increased by 20,835 thousand yen.

(Changes or restatement of accounting estimates)

Due to the decision to rebuild and relocate the head office, the useful lives of Company-owned Buildings and structures at this head office building that can no longer be used as a result of the rebuilding and relocation have been reduced to the period ending in the planned relocation month.

Therefore, comparing the estimate as usual, 12,503 thousand yen decreased in operating profit, ordinary profit, and profit before income taxes at the fiscal year 2019.

(Segment information)

(1) Outline on Segments

The company's reporting segments are the compositional units of the Company for which separate financial information is available. They are periodically reviewed by the Board of Directors for the purpose of deciding on allocation of management resource and evaluating business performance.

The major products and services are classified as follows, at its each basis of each operation and services formulating own comprehensive strategies against four reporting segments: "Sugar Business", "Functional Materials Business", "Real Estate Business" and "Other Food Business".

| Reporting Segments | Major Products and Services |
|-------------------------------|--|
| Sugar Business | Sugar, Liquid sugar, Sugar related products, etc. |
| Functional Materials Business | Food additives, Flower freshness preservation agent, Functional Food materials, Natural additive materials, etc. |
| Real Estate Business | Real estate lease, etc. |
| Other Food Business | Baking, etc. |

(2) Information on amounts of net sales, income/loss, liabilities and other items by each reporting segment

Previous fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Thousand Yen)

| | Reporting Segment | | | | | Adjustments (Note:1) | Amount recorded in consolidated financial statement (Note:2) |
|--|-------------------|-------------------------------------|----------------------------|---------------------------|------------|-------------------------|---|
| | Sugar Business | Functional Materials Business | Real Estate Business | Other Food Business | Total | | |
| Net sales | | | | | | | |
| Net sales to third-party customers | 11,171,506 | 7,619,228 | 614,796 | 228,955 | 19,634,486 | — | 19,634,486 |
| Intersegment net sales and transfer | 6,706 | 2,736 | 5,104 | 21,260 | 35,808 | (35,808) | — |
| Total | 11,178,212 | 7,621,964 | 619,901 | 250,216 | 19,670,294 | (35,808) | 19,634,486 |
| Segment profit (loss) | 1,545,876 | 213,698 | 544,509 | (91,107) | 2,212,977 | (863,961) | 1,349,015 |
| Segment assets | 9,861,183 | 4,571,768 | 1,881,375 | 137,362 | 16,451,689 | 5,711,144 | 22,162,833 |
| Other items | | | | | | | |
| Depreciation and amortization | 51,894 | 130,327 | 12,799 | 10,101 | 205,123 | — | 205,123 |
| Impairment loss | — | 991,515 | — | 160,320 | 1,151,835 | — | 1,151,835 |
| Amortization of goodwill | — | 107,989 | — | — | 107,989 | — | 107,989 |
| Increase in property, plant and equipment, and intangible assets | 30,298 | 105,689 | 7,497 | 3,055 | 146,541 | — | 146,541 |

Notes: 1. Adjustments are as follows:

(1) Adjustment for segment loss of (863,961) thousand yen is unallocated expenses to each segment.

Unallocated expenses are mainly general and administrative expenses of administrative department and research and development department.

(2) Adjustment for segment assets of 5,711,144 thousand yen is unallocated assets to each segment.

The major components assets are the using surplus fund (Cash and deposit, Securities-trading) and investment fund (investment securities).

2. Segment profit is adjusted against the operating profit recorded in the consolidated statement.

Fiscal year ended March 31, 2020(April 1, 2019 to March 31, 2020)

(Thousand Yen)

| | Reporting Segment | | | | | Adjustments (Note:1) | Amount recorded in consolidated financial statement (Note:2) |
|--|-------------------|-------------------------------------|----------------------------|---------------------------|------------|-------------------------|---|
| | Sugar Business | Functional Materials Business | Real Estate Business | Other Food Business | Total | | |
| Net sales | | | | | | | |
| Net sales to third-party customers | 10,727,360 | 7,432,158 | 601,266 | 198,179 | 18,958,964 | — | 18,958,964 |
| Intersegment net sales and transfer | 8,688 | — | 6,796 | 21,453 | 36,938 | (36,938) | — |
| Total | 10,736,049 | 7,432,158 | 608,063 | 219,632 | 18,995,903 | (36,938) | 18,958,964 |
| Segment profit (loss) | 1,579,421 | 320,605 | 512,646 | (56,815) | 2,355,857 | (864,624) | 1,491,233 |
| Segment assets | 10,028,683 | 4,113,316 | 1,855,409 | 123,926 | 16,121,336 | 5,369,658 | 21,490,994 |
| Other items | | | | | | | |
| Depreciation and amortization | 48,534 | 61,024 | 23,947 | 783 | 134,290 | — | 134,290 |
| Impairment loss | — | — | — | — | — | — | — |
| Amortization of goodwill | — | 107,989 | — | — | 107,989 | — | 107,989 |
| Increase in property, plant and equipment, and intangible assets | 9,636 | 69,945 | — | 7,957 | 87,538 | — | 87,538 |

Notes: 1. Adjustments are as follows:

- (1) Adjustment for segment loss of (864,624) thousand yen is unallocated expenses to each segment. Unallocated expenses are mainly general and administrative expenses of administrative department and research and development department.
 - (2) Adjustment for segment assets of 5,369,658 thousand yen is unallocated assets to each segment. The major components assets are the using surplus fund (Cash and deposit, Securities-trading) and investment fund (investment securities).
2. Segment profit is adjusted against the operating profit recorded in the consolidated statement.