

Summary of Consolidated Financial Results

For the 3rd Quarter Ended December 31, 2020(Japanese Accounting Standards)

January 29, 2021

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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Planned date for submission of quarterly report:

February 9, 2021

Planned date to start dividend payment:

-

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 Nine Months Ended December 31, 2020 (April 1, 2020- December 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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2020	14,264	(1.6)	1,231	(8.4)	1,472	(7.1)	979	(12.8)
December 31, 2019	14,497	(4.6)	1,343	7.9	1,585	11.9	1,123	569.5

Note: Comprehensive income

3rd quarter ended December 31, 2020: 1,174 million yen (16.7%)

3rd quarter ended December 31, 2019: 1,006 million yen (—%)

	Net Profit per Share	Diluted net Profit per Share
	Yen	Yen
December 31, 2020	36.49	—
December 31, 2019	41.82	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of December 31, 2020	22,773	17,733	78.4
As of March 31, 2020	21,490	16,853	78.9

(Reference) Shareholders' Equity: As of December 31, 2020: 17,849 million yen

As of March 31, 2020: 16,964 million yen

2. Cash Dividends

	Cash Dividend per Share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	Yen	Yen	Yen	Yen	Yen
For the year ended March 31, 2020	—	0.00	—	11.00	11.00
March 31, 2021	—	0.00	—	—	—
Year ended March 31, 2021(forecast)	—	—	—	11.00	11.00

Note: Revision of the dividend forecast announced most recently: None

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

Note: Revision of the financial forecasts announced most recently: None

※ Notes

(1) Significant changes in subsidiaries during the nine months of fiscal year 2020

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

(2) Application of accounting method unique to preparation of quarterly consolidated financial statements: None

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

(i) Changes in accounting policy due to any revision of accounting standards: None

(ii) Changes in accounting policy other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of outstanding shares (common shares)

Unit: 1 share

(i) Number of outstanding shares at the end of period (including Treasury Shares)	As of December 31, 2020	29,748,200	As of March 31, 2020	29,748,200
(ii) Number of Treasury Shares at the end of period	As of December 31, 2020	2,896,070	As of March 31, 2020	2,896,020
(iii) Average number of shares during the period	As of December 31, 2020	26,852,170	As of December 31, 2020	26,852,244

※ Summary of Consolidated Financial Results for the 3rd quarter is exempt from the quarterly audit review before this disclosure.

※ Explanation on appropriate use of business forecasts, and other special notes:

Business forecasts and other forward-looking statements contained in this report and supplementary materials are based on information currently available to the Company and on certain assumptions deemed as rational, and are not intended to guarantee the achievements by the Company. Actual results may differ significantly from such forecasts due to various factors. For assumptions used for business forecasts condition and business forecasts and notes in using such forecasts, please refer to “(3) Qualitative information regarding consolidated business forecasts” in “1. Qualitative Information Regarding the Results for the nine months of Fiscal Year 2020” on page 3 of the Appendix.

○Appendix

1. The Results for the 3rd Quarter of Fiscal Year 2020.....	2-3
(1) Qualitative information regarding consolidated operating results.....	2
(2) Qualitative information regarding consolidated financial position	3
(3) Qualitative information regarding consolidated business forecasts	3
2. Quarterly Consolidated Financial Statements.....	4-8
(1) Quarterly Consolidated Balance Sheets.....	4-5
(2) Quarterly Consolidated Statements of Profit or Loss and Quarterly Consolidated Statements of Comprehensive Profit or Loss	6-7
(3) Notes on quarterly consolidated financial statements.....	8
(Notes on assumptions of going concern)	8
(Notes on occurrence of significant charges to shareholder's equity)	8
(Segment information)	8

1. The Results for the 3rd Quarter of Fiscal Year 2020

(1) Qualitative information regarding consolidated operating results

During the 3rd quarter of fiscal year 2020, the Japanese economy has been remained stagnant in social and economic activities and depressed consumer sentiment steadily due to the spread of COVID-19. After the declaration of emergency was lifted last year, economic activity was restarted in phases, however, the date of conclusion is opacity. Economic trends have been continued to be unpredictable and high uncertainty. The sugar refining industry has been continuously tough situation under the decreasing trend in sugar consumption, furthermore, the downturn in consumption from the spread of COVID-19.

Under these economic environments, our Group made effort to maintain stable supply on sugar business and continued to be concentrating on high-value added sales activity on functional food materials business for maintaining quality management and improvement of customer satisfaction.

As a result of the 3rd quarter, net sales decreased 1.6% year on year to 14,264 million yen. Operating profit decreased 8.4% year on year to 1,231 million yen. Ordinary profit decreased 7.1% year on year to 1,472 million yen. Net profit attributable to owners of parent was decreased 12.8% year on year to 979 million yen.

Operating results of each segment is as follows:

① Sugar Business

Regarding the sugar business, although the consumption has been fallen due to the spread of COVID-19, there is temporally recovery during the 3rd quarter of fiscal year 2020. However, they could not supply the decrease of demand before so-called Golden Week holidays and so on, the sales volume has been less than the previous same period. On the aspect of earnings, the cost of raw materials could reduce by solid purchase of raw sugar, however, as a result of decreasing the sales volume, the operating profit was slight decreased.

As a result of the above, the Sugar Business reported net sales decreased 3.9% year on year to 7,933 million yen, and operating profit decreased 0.5% year on year to 1,344 million yen.

② Functional Materials Business

As for the functional dietary fiber Inulin, beneficial effects of immune function attracted in Japan and overseas made increased the sales volume generally under the spread of COVID-19. Especially as a result of the sales in overseas increased significantly, the net sales increased year on year. Regarding the UNITEC FOODS Co. Ltd., a consolidated subsidiary, the net sales decreased because the sales of main products was sluggish due to the influence of COVID-19.

As a result of the above, the Functional Materials Business reported net sales increased 1.4% year on year to 5,717 million yen, and operating profit decreased 2.2% year on year to 258 million yen.

③ Real Estate Business

In the Real Estate Business, net sales decreased 3.6% year on year to 438 million yen and operating profit decreased 15.0% year on year to 328 million yen due to an increase in costs with relocation of the head office. However, it has continued to contribute to stable earnings.

④ Other Food Business

In the Other Food Business such as bakery business in Thailand, net sales increased 21.3% year on year to 175 million yen and operating losses of 13 million yen (operating losses on the same period of last year was 43 million yen).

(2) Qualitative information regarding consolidated financial position

Total assets as of December 31, 2020 increased 6.0% compared to the end of the previous fiscal year to 22,773 million yen.

The changes of financial position of the 3rd quarter of fiscal year 2020 are as follows.

① Assets

Current assets increased by 7.1% compared to the end of the previous fiscal year to 10,149 million yen. This was mainly due to an increase of cash, cash equivalent and deposits and so on.

Non-current assets increased by 5.1% compared to the end of the previous fiscal year to 12,624 million yen. This was mainly due to an increase of investment securities and so on.

② Liabilities

Current liabilities increased by 11.5% compared to the end of the previous fiscal year to 3,513 million yen. This was mainly due to an increase of notes and accounts payable-trade and so on.

Non-current liabilities increased by 2.8% compared to the end of the previous fiscal year to 1,526 million yen. This was mainly due to an increase of long-term loans payable and so on.

③ Net assets

Net assets increased by 5.2% compared to the end of the previous fiscal year to 17,733 million yen. This was mainly due to an increase of Retained earnings by the recording of Profit for the year attributable to owners of parent.

(3) Qualitative information regarding consolidated business forecasts

In line with the consolidated results for the 3rd quarter of fiscal year 2020, net sales decreased against the original business forecasts because of the spread of COVID-19. However, on the aspect of earnings, these increased against the original one because production costs were reduced and so on. Nevertheless, we decide not to change the annual plans for the fiscal year 2020 at this time based on upward trend of the price of raw materials and the concerns about downturn of the consolidated results by the declaration of emergency issued again. The plans released on May 20, 2020 included the impact of COVID-19.

The financial forecasts are based on information available at the time of the above release. Actual results may differ from such forecasts due to various volatile factors toward the end of fiscal year 2020.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	Yearend FY 2019 (As of March 31, 2020)	3rd Q end FY 2020 (As of December 31, 2020)
Assets		
Current assets		
Cash, cash equivalent and deposits	2,638,735	3,207,074
Notes and accounts receivable-trade	2,569,323	2,843,000
Marketable securities	300,000	300,000
Merchandise and finished goods	2,115,006	2,013,503
Work in process	142,800	117,539
Raw materials and supplies	686,590	671,881
Other current assets	1,029,209	998,941
Allowance for doubtful debts	(2,406)	(2,837)
Total current assets	9,479,259	10,149,103
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	424,033	379,586
Machinery, equipment and vehicles(net)	120,163	144,470
Land	2,527,435	2,527,435
Construction in progress	5,380	16,461
Other non-current assets (net)	74,088	92,374
Total property, plant and equipment	3,151,100	3,160,327
Intangible assets		
Goodwill	37,864	5,433
Other intangible assets	129,230	109,257
Total intangible assets	167,094	114,690
Investment and other assets		
Investment securities	6,305,030	6,965,406
Long-term loans receivable	341,736	341,788
Long-term loans receivable from subsidiaries	1,757,700	1,756,300
Others	313,502	305,084
Allowance for doubtful debts	(24,430)	(19,231)
Total investments and other assets	8,693,538	9,349,349
Total non-current assets	12,011,734	12,624,368
Total assets	21,490,994	22,773,471

(Thousand yen)

	Yearend FY 2019 (As of March 31, 2020)	3rd Q end FY 2020 (As of December 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	977,866	1,197,391
Short-term loans payable	1,315,989	1,245,280
Income taxes payable	96,424	240,219
Provision for bonuses	116,663	62,489
Other current liabilities	645,370	768,490
Total current liabilities	3,152,314	3,513,870
Non-current liabilities		
Long-term loans payable	294,859	362,100
Retirement benefits liabilities	53,268	32,085
Liabilities on assets disposal	67,328	76,650
Other non-current liabilities	1,069,305	1,055,623
Total non-current liabilities	1,484,762	1,526,459
Total liabilities	4,637,076	5,040,330
Net Equity		
Shareholder equity		
Share capital	1,524,460	1,524,460
Capital surplus	2,049,343	2,049,343
Retained earnings	12,557,481	13,241,958
Treasury stock	(717,161)	(717,188)
Total shareholder equity	15,414,123	16,098,573
Cumulative other comprehensive income		
Valuation difference on available-for-sales securities	1,525,792	1,758,566
Foreign currency translation adjustment	104,603	64,895
Re-measurements of Defined Benefit Plans	(80,165)	(72,660)
Total cumulative other comprehensive income	1,550,229	1,750,801
Non-controlling interests	(110,434)	(116,233)
Total Equity	16,853,917	17,733,140
Total Liabilities and Equity	21,490,994	22,773,471

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

Quarterly Consolidated Statements of Profit or Loss

	(Thousand yen)	
	The 3rd Q of FY2019 (From April 1, 2019 to December 31, 2019)	The 3rd Q of FY2020 (From April 1, 2020 to December 31, 2020)
Net sales	14,497,933	14,264,780
Cost of sales	10,325,911	10,295,946
Gross profit	4,172,022	3,968,833
Selling, general and administrative expenses	2,828,089	2,737,597
Operating profit	1,343,932	1,231,236
Non-operating income		
Interest income	24,295	23,591
Dividends received	65,405	69,466
Foreign exchange gains	54,649	25,982
Share of Equity in earnings of affiliates	98,623	102,022
Other non-operating income	18,750	31,352
Total non-operating income	261,724	252,415
Non-operating expenses		
Interest expenses	16,419	11,512
Other non-operating expense	3,901	33
Total non-operating expense	20,320	11,545
Ordinary profit or loss	1,585,336	1,472,106
Extraordinary income		
Gain on sales of investment securities	12	-
Total extraordinary income	12	-
Extraordinary loss		
Loss on disposal of non-current assets	108	431
Dismantlement expenses	-	91,500
Loss on sales of investment securities	15,341	-
Total extraordinary losses	15,450	91,931
Profit before income taxes	1,569,898	1,380,174
Income taxes-current	401,871	439,545
Income taxes-deferred	51,136	(36,868)
Total income taxes	453,008	402,676
Profit for the three months	1,116,890	977,498
Loss attributable to non-controlling interests	(6,156)	(2,352)
Profit for the year attributable to owners of parent	1,123,047	979,851

Quarterly Consolidated Statements of Comprehensive Profit or Loss

	(Thousand yen)	
	The 3rd Q of FY2019 (From April 1, 2019 to December 31, 2019)	The 3rd Q of FY2020 (From April 1, 2020 to December 31, 2020)
Profit for the 3rd Quarter	1,116,890	977,498
Other comprehensive income		
Evaluation at fair value on marketable securities	(47,650)	232,774
Foreign currencies translation adjustment	(66,198)	(43,154)
Re-measurements of defined benefit plans, (net of tax)	3,887	7,505
Total other comprehensive income for the 3rd quarter	(109,962)	197,125
Comprehensive income for the 3rd quarter	1,006,928	1,174,623
Comprehensive income attributable to:		
Owners of parent	1,017,690	1,180,422
Non-controlling interests	(10,762)	(5,798)

(3) Notes on quarterly consolidated financial statements

(Notes on assumptions of a going concern)

The 3rd quarter consolidated accounting period (From April 1, 2020 to December 31, 2020)

None

(Note on occurrence of significant changes to shareholder's equity)

The 3rd quarter consolidated accounting period (From April 1, 2020 to December 31, 2020)

None

(Segment information)

I The 3rd quarter consolidated accounting period (From April 1, 2019 to December 31, 2019)

1. Information on amounts of net sales, income/loss, liabilities and other items by each reporting segment

(Thousand yen)

	Reporting Segment					Adjustments (Note:1)	Amount recorded in quarterly consolidate income statements (Note:2)
	Sugar Business	Functional Materials Business	Real Estate Business	Other Food Business	Total		
Net sales							
Net sales to third-party customers	8,259,605	5,639,014	454,514	144,798	14,497,933	—	14,497,933
Intersegment net sales and transfer	5,508	—	4,384	16,451	26,343	(26,343)	—
Total	8,265,113	5,639,014	458,899	161,250	14,524,277	(26,343)	14,497,933
Segment profit (loss)	1,351,658	264,406	386,834	(43,742)	1,959,157	(615,225)	1,343,932

Notes: 1 Adjustment for segment income of (615,225) thousand yen is general and administrative expenses of administrative department and research and development which do not belong to the reporting segment.

2 Segment incomes are adjusted against the operating income recorded in the consolidated income statement.

II The 3rd quarter consolidated accounting period (From April 1, 2020 to December 31, 2020)

1. Information on amounts of net sales, income/loss, liabilities and other items by each reporting segment

(Thousand yen)

	Reporting Segment					Adjustments (Note:1)	Amount recorded in quarterly consolidate income statements (Note:2)
	Sugar Business	Functional Materials Business	Real Estate Business	Other Food Business	Total		
Net sales							
Net sales to third-party customers	7,933,466	5,717,383	438,314	175,616	14,264,780	—	14,264,780
Intersegment net sales and transfer	7,589	—	5,189	14,977	27,756	(27,756)	—
Total	7,941,055	5,717,383	443,503	190,593	14,292,536	(27,756)	14,264,780
Segment profit (loss)	1,344,791	258,473	328,620	(13,866)	1,918,019	(686,782)	1,231,236

Notes: 1 Adjustment for segment income of (686,782) thousand yen is general and administrative expenses of administrative department and research and development which do not belong to the reporting segment.

2 Segment incomes are adjusted against the operating income recorded in the consolidated income statement.