

Summary of Consolidated Financial Results

For the 1st Quarter Ended June 30, 2021(Japanese Accounting Standards)

July 30, 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

TEL.81-3-3667-7811

Planned date for submission of quarterly report: August 11, 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 Three Months Ended June 30, 2021 (April 1, 2021- June 30, 2021)

(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	%
June 30, 2021	4,825	8.4	314	2.4	348	(15.5)	350	25.2
June 30, 2020	4,449	(10.5)	306	(21.6)	412	(8.8)	279	(10.8)

Note: Comprehensive income

1st quarter ended June 30, 2021: 397 million yen (up 9.4%)

1st quarter ended June 30, 2020: 362 million yen (up 372.0%)

	Net Profit per Share	Diluted net Profit per Share
	Yen	Yen
June 30, 2021	13.05	—
June 30, 2020	10.42	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of June 30, 2021	23,036	18,443	79.9
As of March 31, 2021	23,475	18,246	78.2

(Reference) Shareholders' Equity: As of June 30, 2021: 18,415 million yen As of March 31, 2021: 18,367 million yen

2. Cash Dividends

	Cash Dividend per Share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
For the year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2021	—	0.00	—	11.00	11.00
March 31, 2022	—	—	—	—	—
Year ended March 31, 2022(forecast)	—	0.00	—	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, 2022 (April 1, 2021 - March 31, 2022)

(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, 2022	19,400	2.1	1,300	(9.5)	1,500	(15.3)	1,000	(16.6)	37.24

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

※ Notes

(1) Significant changes in subsidiaries during the three months of fiscal year 2021

(Changes 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: Yes

(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 June 30, 2021	29,748,200	As of March 31, 2021	29,748,200
(ii) Number of Treasury Shares at the end of period	As of June 30, 2021	2,896,283	As of March 31, 2021	2,896,189
(iii) Average number of shares during the period	As of June 30, 2021	26,851,941	As of June 30, 2020	26,852,180

※ Summary of Consolidated Financial Results for the 1st 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. The Results for the 1st Quarter of Fiscal Year 2021” on page 3 of the Appendix.

○Appendix

1. The Results for the 1st Quarter of Fiscal Year 2021	2
(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
(1) Quarterly Consolidated Balance Sheets.....	4-5
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	6-7
(3) Notes on quarterly consolidated financial statements.....	8
(Notes on assumptions of going concern).....	8
(Notes on occurrence of significant changes to shareholder's equity).....	8
(Notes on changes in accounting policy).....	8
(Segment information).....	9
(Notes on occurrence of significant subsequent events.).....	10

1. The Results for the 1st Quarter of Fiscal Year 2021

(1) Qualitative information regarding consolidated operating results

During the 1st quarter of fiscal year 2021, the Japanese economy was going extremely severe circumstances under the declaration of emergency by the spread of COVID-19. More and more people were infected again because of a highly contagious variant after the declaration of emergency was lifted in June, so that the government declared a state of emergency again. The confusion caused by COVID-19 is forecast to continue in Japan.

The sugar refining industry has continued to be tough sales environment under the further decrease in consumption especially due to the impact of COVID-19. Under these economic environments, our Group made a lot of effort to control the quality strictly and to maintain stable supply in the Sugar Business for improvement of customer satisfaction. Also, our Group continued to focus on providing high-value added sales proposal to our customers in the Functional Materials Business.

As a result of the 1st quarter, net sales increased by 8.4% year on year to 4,825 million yen. Operating profit increased by 2.4% year on year to 314 million yen. Ordinary profit decreased by 15.5% year on year to 348 million yen. Net profit attributable to owners of parent was increased by 25.2 % year on year to 350 million yen.

Operating results of each segment is as follows:

① Sugar Business

In the Sugar Business, our Group had the increase in sales volume and gross income in comparison to that of the previous same period, which was damaged greatly by the spread of COVID-19. However, the operating profit was less than the previous same period due to the great increase in costs of raw material.

As a result of the above, the Sugar Business reported net sales of 2,626 million yen (up of 10.0% against the same period of last year) and operating profit of 279 million yen (down of 25.7% against the same period of last year).

② Functional Materials Business

As for the functional dietary fiber Inulin, the sales volume and net sales increased year on year at home and abroad thanks to large demand as health food materials in functional foods. Regarding the UNITEC FOODS Co. Ltd., a consolidated subsidiary, our Group kept the same levels of sales volume with that of the previous same period in spite of the spread of COVID-19.

As a result of the above, the Functional Materials Business reported net sales of 1,981 million yen (up of 7.1% against the same period of last year) and operating profit of 150 million yen (up of 106.8% against the same period of last year).

③ Real Estate Business

In the Real Estate Business, net sales decreased by 3.8% year on year to 143 million yen and operating profit increased by 16.6% year on year to 133 million yen. 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 by 16.6% to 73 million yen and operating losses of 0 million yen (operating losses on the same period of last year was 2 million yen).

(2) Qualitative information regarding consolidated financial position

Total assets as of June 30, 2021 decreased by 1.9% compared to the end of the previous fiscal year to 23,036 million yen.

The changes of financial position of the 1st quarter of fiscal year 2021 are as follows

① Assets

Current assets decreased by 3.7% compared to the end of previous fiscal year to 10,141 million yen. This was mainly due to a decrease of cash, cash equivalent and deposits and so on.

Non-Current assets decreased by 0.4% compared to the end of the previous fiscal year to 12,895 million yen. This was mainly due to a decrease of other investments under the category "Other".

② Liabilities

Current liabilities decreased by 12.5% compared to the end of the previous fiscal year to 3,180 million yen. This was mainly reflected a decrease of income taxes payable and so on.

Non-current liabilities decreased by 11.5% compared to the end of the previous fiscal year to 1,412 million yen. This was mainly due to a decrease of long-term loans payable and so on.

③ Net assets

Net assets increased by 1.1% compared to the end of the previous fiscal year to 18,443 million yen. This was mainly due to an increase of retained earnings and so on.

(3) Qualitative information regarding consolidated business forecasts

The consolidated results for the 1st quarter of fiscal year 2021 recorded a positive growth against the original business forecasts. Our Group decide not to change the annual plans for the fiscal year 2021 released on April 30, 2021 at this time because this plan 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 2021.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	Yearend FY 2020 (As of March 31, 2021)	1st Q end FY 2021 (As of June 30, 2021)
Assets		
Current assets		
Cash, cash equivalent and deposits	3,667,721	2,733,018
Notes and accounts receivable-trade	2,800,434	—
Notes and accounts receivable – trade, and contract assets	—	2,610,317
Marketable securities	300,000	300,000
Merchandise and finished goods	1,851,750	1,786,700
Work in process	99,488	267,826
Raw materials and supplies	638,827	1,230,463
Other current assets	1,177,944	1,214,732
Allowance for doubtful debts	(1,304)	(1,914)
Total current assets	10,534,862	10,141,145
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	340,353	345,879
Machinery, equipment and vehicles (net)	201,776	218,413
Land	2,527,435	2,527,435
Construction in progress	15,582	12,092
Other non-current assets (net)	109,598	103,596
Total property, plant and equipment	3,194,747	3,207,418
Intangible assets		
Goodwill	2,716	—
Other intangible assets	69,800	63,670
Total intangible assets	72,516	63,670
Investment and other assets		
Investment securities	7,406,626	7,512,392
Long-term loans receivable	1,840	1,788
Long-term loans receivable from subsidiaries	1,792,800	1,792,800
Retirement benefits asset	36,672	45,443
Others	454,660	284,957
Allowance for doubtful debts	(19,078)	(13,126)
Total investments and other assets	9,673,521	9,624,255
Total non-current assets	12,940,785	12,895,344
Total assets	23,475,647	23,036,490

(Thousand yen)

	Yearend FY 2020 (As of March 31, 2021)	1st Q end FY 2021 (As of June 30, 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	1,116,918	1,069,862
Short-term loans payable	1,281,260	1,293,440
Income taxes payable	322,732	17,360
Provision for bonuses	116,878	60,556
Other current liabilities	795,145	739,400
Total current liabilities	3,632,935	3,180,619
Non-current liabilities		
Long-term loans payable	329,342	250,000
Liabilities on assets disposal	76,885	77,124
Other non-current liabilities	1,189,758	1,084,971
Total non-current liabilities	1,595,986	1,412,096
Total liabilities	5,228,921	4,592,715
Net Equity		
Shareholder equity		
Share capital	1,524,460	1,524,460
Capital surplus	2,049,343	2,049,343
Retained earnings	13,460,462	13,509,994
Treasury stock	(717,257)	(717,309)
Total shareholder equity	16,317,009	16,366,488
Cumulative other comprehensive income		
Valuation difference on available-for-sales securities	2,055,391	2,024,966
Foreign currency translation adjustment	21,656	49,012
Re-measurements of Defined Benefit Plans	(26,088)	(24,746)
Total cumulative other comprehensive income	2,050,959	2,049,233
Non-controlling interests	(121,242)	28,052
Total Equity	18,246,726	18,443,774
Total Liabilities and Equity	23,475,647	23,036,490

(2) Quarterly Consolidated Statements of Income
and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

	(Thousand yen)	
	The 1st Q of FY2020 (From April 1, 2020 to June 30, 2020)	The 1st Q of FY2021 (From April 1, 2021 to June 30, 2021)
Net sales	4,449,625	4,825,153
Cost of sales	3,226,909	3,698,733
Gross profit	1,222,715	1,126,419
Selling, general and administrative expenses	915,922	812,197
Operating profit	306,792	314,222
Non-operating income		
Interest income	7,757	7,173
Dividends received	36,020	39,832
Foreign exchange gains	51,274	-
Share of Equity in earnings of affiliates	5,996	17,652
Other non-operating income	6,506	14,845
Total non-operating income	107,555	79,504
Non-operating expenses		
Interest expenses	1,567	3,498
Foreign exchange loss	-	41,623
Other non-operating expense	0	8
Total non-operating expense	1,567	45,129
Ordinary profit	412,781	348,597
Extraordinary loss		
Loss on disposal of fixed assets	431	-
Total extraordinary losses	431	-
Profit before income taxes	412,349	348,597
Income taxes-current	113,213	8,468
Income taxes-deferred	19,984	(50,902)
Total income taxes	133,198	(42,434)
Profit for the three months	279,151	391,031
Profit (Loss) attributable to non-controlling interests	(631)	40,628
Profit for the year attributable to owners of parent	279,782	350,402

Quarterly Consolidated Statements of Comprehensive Income

(Thousand yen)

	The 1st Q of FY2020 (From April 1, 2020 to June 30, 2020)	The 1st Q of FY2021 (From April 1, 2021 to June 30, 2021)
Profit for the 1st Quarter	279,151	391,031
Other comprehensive income		
Evaluation at fair value on marketable securities	149,693	(30,425)
Foreign currencies translation adjustment	(68,496)	35,060
Re-measurements of defined benefit plans, (net of tax)	2,501	1,342
Total other comprehensive income for the 1st quarter	83,699	5,977
Comprehensive income for the 1st quarter	362,851	397,008
Comprehensive income attributable to:		
Owners of parent	368,611	354,344
Non-controlling interests	(5,760)	42,663

(3) Notes on quarterly consolidated financial statements

(Notes on assumptions of going concern)

The 1st quarterly consolidated accounting period (From April 1, 2021 to June 30, 2021)

None

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

The 1st quarterly consolidated accounting period (From April 1, 2021 to June 30, 2021)

None

(Notes on changes in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

Our Group has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020 ; hereinafter called "Revenue Recognition Standard"), etc. from the beginning of the 1st quarter of fiscal year 2021. Under the new standard, our Group recognizes revenue when promised goods or services are transferred to a customer, with the amount expected to be received upon exchange of the goods or services recognized as revenue.

As for the application of the Revenue Recognition Standard etc., in accordance with transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Standard, the cumulative effects by the retroactive application of the new accounting policy before the beginning of the 1st quarter of fiscal year 2021 were adjusted to retained earnings of the beginning of the 1st quarter of fiscal year 2021.

As a result, for the 1st quarter of fiscal 2021, net sales decreased by 104,266 thousand yen, cost of sales decreased by 2,203 thousand yen, and selling, general and administrative expenses decreased by 102,062 thousand yen. These changes had no impact on profit or loss. Retained earnings at the beginning of the period decreased by 5,498 thousand yen.

Due to the application of the Revenue Recognition Standard etc., "Notes and accounts receivable – trade" which were included in "Current assets" in the consolidated balance sheets for the previous fiscal year, were included in "Notes and accounts receivable – trade, and contract assets" from the 1st quarter of fiscal year 2021. In accordance with the transitional treatment stipulated in Article 89-2 of the Revenue Recognition Standard, figures for the previous fiscal year have not been restated to reflect the new presentation approach. Furthermore, in accordance with the transitional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue generated from contracts with customers for the 1st quarter of the previous fiscal year is not shown.

(Application of Accounting Standard for Fair Value Measurement, etc.)

Our Group has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019 ; hereinafter called "Fair Value Measurement Standard"), etc. from the beginning of the 1st quarter of fiscal year 2021. In accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), our Group has decided to apply the new accounting policies in the Fair Value Measurement Standard going forward. These changes had no impact on the quarterly consolidated financial statements.

(Segment information)

I The 1st quarterly consolidated accounting period (From April 1, 2020 to June 30, 2020)

1. Information on net sales and profit/loss by each reportable 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	2,387,898	1,849,748	148,895	63,083	4,449,625	—	4,449,625
Intersegment net sales and transfer	2,205	—	1,791	5,088	9,086	(9,086)	—
Total	2,390,104	1,849,748	150,687	68,172	4,458,711	(9,086)	4,449,625
Segment profit (loss)	376,012	72,706	114,168	(2,977)	559,910	(253,117)	306,792

Notes: 1 Adjustment for segment profit of 253,117 thousand yen is general and administrative expenses of administrative department and research and development which do not belong to the reporting segment.

2 Segment profit is adjusted against the operating profit recorded in the 1st quarterly consolidated statements of income.

II The 1st quarterly consolidated accounting period (From April 1, 2021 to June 30, 2021)

1. Information on net sales and profit/loss, and revenue breakdown by each reportable 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							
Sugar, Liquid sugar, Sugar related products, etc.	2,626,794	—	—	—	2,626,794	—	2,626,794
Food Additives	—	39,812	—	—	39,812	—	39,812
Functional Food Materials	—	1,870,008	—	—	1,870,008	—	1,870,008
Flower Freshness Preservation Agent	—	71,668	—	—	71,668	—	71,668
Baking, etc.	—	—	—	73,573	73,573	—	73,573
Income generated by Contracts with Customers	2,626,794	1,981,489	—	73,573	4,681,858	—	4,681,858
Other income	—	—	143,295	—	143,295	—	143,295
Net sales to third-party customers	2,626,794	1,981,489	143,295	73,573	4,825,153	—	4,825,153
Intersegment net sales and transfer	1,802	—	1,489	6,713	10,006	(10,006)	—
Total	2,628,597	1,981,489	144,784	80,287	4,835,159	(10,006)	4,825,153
Segment profit (loss)	279,281	150,325	133,174	(780)	562,000	(247,777)	314,222

Notes: 1 Adjustment for segment profit of 247,777 thousand yen is general and administrative expenses of administrative department and research and development which did not belong to the reporting segment.

2 Segment profit is adjusted against the operating profit recorded in the 1st quarterly consolidated statements of income.

2. Information on the change of reporting segments

Our Group has applied the Revenue Recognition Standard etc. from the beginning of the 1st quarter of fiscal year 2021 and changed accounting policy in revenue recognition as noted above. In accordance with the changes, our Group has also changed calculation method for segment profit (loss).

As a result, net sales for the 1st quarter of fiscal year 2021 in the Sugar Business decreased by 102,662 thousand yen compared to that calculated as usual. Net sales in the Functional Materials Business also decreased by 1,604 thousand yen. However, each cost of sales in the Sugar Business and in Functional Materials Business also decreased by the same amount, so that these changes had no impact on each segment profit (loss).

(Notes on occurrence of significant subsequent events)

The 1st quarterly consolidated accounting period (From April 1, 2021 to June 30, 2021)

None