

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (Based on Japanese GAAP)

May 10, 2019

Company name: Nissin Sugar Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2117 URL <https://www.nissin-sugar.co.jp/>
 Representative: President and Representative Director Yutaka Morita
 Inquiries: General Manager, Finance Department Kenji Oba TEL 03 - 3668 - 1293
 Scheduled date of ordinary general meeting of shareholders: June 26, 2019
 Scheduled date to file Securities Report: June 26, 2019
 Scheduled date to commence dividend payments: June 27, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	48,755	(0.1)	3,167	53.3	3,410	32.8	2,336	24.6
Year ended March 31, 2018	48,802	(2.3)	2,065	(24.5)	2,568	(16.4)	1,874	(26.6)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	105.80	—	4.6	5.6	6.5
Year ended March 31, 2018	84.90	—	3.7	4.4	4.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	62,224	51,188	82.3	2,318.42
As of March 31, 2018	59,738	50,830	85.1	2,302.13

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	4,250	(3,620)	(1,864)	8,470
Year ended March 31, 2018	3,710	(1,948)	(2,979)	9,704

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	—	35.00	—	35.00	70.00	1,545	82.5	3.1
Year ended March 31, 2019	—	36.00	—	34.00	70.00	1,545	66.2	3.0
Year ending March 31, 2020 (Forecast)	—	35.00	—	35.00	70.00		61.8	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2019	–	–	–	–	–	–	–	–	–
Full year	48,000	–	3,200	–	3,500	–	2,500	–	113.23

Notes: As the Company plans to adopt International Financial Reporting Standards (IFRS) from the filing of the annual report for the year ending March 31, 2020, the forecast of the financial earnings is prepared based on IFRS and thus changes from the same month of the previous year are not shown.

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: Yes

Changes in accounting estimates: Yes

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the year (including treasury shares)

As of March 31, 2019	22,673,883 shares	As of March 31, 2018	22,673,883 shares
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Number of treasury shares at the end of the year

As of March 31, 2019	594,935 shares	As of March 31, 2018	594,285 shares
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Average number of shares during the year

Year ended March 31, 2019	22,079,275 shares	Year ended March 31, 2018	22,079,824 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash on hand and in banks	11,134	10,900
Notes and accounts receivable - trade	4,754	4,955
Marketable securities	2,599	3,600
Merchandise and finished goods	3,209	3,353
Work in progress	566	496
Raw materials and supplies	1,640	2,196
Other	325	302
Allowance for doubtful accounts	(0)	(1)
Total current assets	24,231	25,803
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,204	12,826
Accumulated depreciation	(8,445)	(8,820)
Buildings and structures, net	3,758	4,005
Machinery, equipment and vehicles	13,282	13,726
Accumulated depreciation	(11,359)	(11,448)
Machinery, equipment and vehicles, net	1,923	2,278
Land	8,606	8,606
Other	2,096	2,093
Accumulated depreciation	(1,306)	(1,292)
Other, net	790	801
Total property, plant and equipment	15,079	15,692
Intangible assets		
Goodwill	1,338	1,867
Other	133	137
Total intangible assets	1,471	2,004
Investments and other assets		
Investment securities	16,848	16,493
Deferred tax assets	768	725
Net defined benefit assets	466	451
Other	953	1,133
Allowance for doubtful accounts	(80)	(80)
Total investments and other assets	18,956	18,723
Total non-current assets	35,507	36,421
Total assets	59,738	62,224

(Millions of yen)

As of March 31, 2018

As of March 31, 2019

Liabilities

Current liabilities

Notes and accounts payable - trade	2,382	3,676
Short-term loans payable	1,300	1,300
Income taxes payable	208	844
Provision for bonuses	305	353
Other	2,057	2,008
Total current liabilities	6,253	8,182

Non-current liabilities

Deferred tax liabilities	769	730
Provision for directors' retirement benefits	171	198
Liability for retirement benefits	123	137
Asset retirement obligations	52	266
Deferred tax liabilities for land revaluation	1,077	1,077
Other	460	442
Total non-current liabilities	2,655	2,854

Total liabilities

8,908 11,036

Net assets

Shareholders' equity

Capital stock	7,000	7,000
Capital surplus	12,020	11,821
Retained earnings	28,766	29,486
Treasury shares	(298)	(299)
Total shareholders' equity	47,488	48,008

Accumulated other comprehensive income

Valuation difference on available-for-sale securities	990	896
Deferred gains or losses on hedges	1	2
Revaluation reserve for land	2,191	2,191
Remeasurements of defined benefit plans	157	89
Total accumulated other comprehensive income	3,341	3,179

Total net assets

50,830 51,188

Total liabilities and net assets

59,738 62,224

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	48,802	48,755
Cost of sales	39,348	37,959
Gross profit	9,454	10,796
Selling, general and administrative expenses	7,388	7,629
Operating profit	2,065	3,167
Non-operating income		
Interest income	3	2
Dividend income	263	111
Share of profit of entities accounted for using equity method	241	134
Other	32	37
Total non-operating income	541	286
Non-operating expenses		
Interest expenses	17	26
Commission fee	13	13
Other	7	2
Total non-operating expenses	38	43
Ordinary profit	2,568	3,410
Extraordinary income		
Gain on sales of non-current assets	2	0
Gain on sales of investment securities	–	3
Gain on sales of shares of subsidiaries and associates	–	94
Total extraordinary income	2	99
Extraordinary losses		
Loss on disposal of non-current assets	49	50
Loss on sales of non-current assets	2	–
Loss on sales of investment securities	–	5
Other	6	–
Total extraordinary losses	58	56
Profit before income taxes	2,511	3,452
Income taxes - current	636	1,040
Income taxes - deferred	0	75
Total income taxes	637	1,116
Profit	1,874	2,336
Profit attributable to owners of parent	1,874	2,336

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	1,874	2,336
Other comprehensive income		
Valuation difference on available-for-sale securities	213	(68)
Deferred gains or losses on hedges	3	0
Remeasurements of defined benefit plans, net of tax	146	(68)
Share of other comprehensive income of entities accounted for using equity method	(7)	(25)
Total other comprehensive income	355	(161)
Comprehensive income	2,230	2,174
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,230	2,174
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in net assets

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1,2017	7,000	12,020	28,481	(297)	47,205
Changes for the year					
Dividends of surplus			(1,589)		(1,589)
Profit attributable to owners of parent			1,874		1,874
Purchase of treasury shares				(1)	(1)
Net changes of items other than those in shareholders' equity					
Total changes for the year	–	–	284	(1)	283
Balance at March 31,2018	7,000	12,020	28,766	(298)	47,488

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at April 1,2017	784	(1)	2,191	11	2,985	50,190
Changes for the year						
Dividends of surplus						(1,589)
Profit attributable to owners of parent						1,874
Purchase of treasury shares						(1)
Net changes of items other than those in shareholders' equity	205	3	–	146	355	355
Total changes for the year	205	3	–	146	355	639
Balance at March 31,2018	990	1	2,191	157	3,341	50,830

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1,2018	7,000	12,020	28,766	(298)	47,488
Changes for the year					
Dividends of surplus			(1,567)		(1,567)
Profit attributable to owners of parent			2,336		2,336
Purchase of treasury shares				(1)	(1)
Change in ownership interest of parent due to transactions with non-controlling interests		(199)			(199)
Change of scope of equity method			(48)		(48)
Net changes of items other than those in shareholders' equity					
Total changes for the year	–	(199)	720	(1)	519
Balance at March 31,2019	7,000	11,821	29,486	(299)	48,008

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at April 1,2018	990	1	2,191	157	3,341	50,830
Changes for the year						
Dividends of surplus						(1,567)
Profit attributable to owners of parent						2,336
Purchase of treasury shares						(1)
Change in ownership interest of parent due to transactions with non-controlling interests						(199)
Change of scope of equity method						(48)
Net changes of items other than those in shareholders' equity	(93)	0	–	(68)	(161)	(161)
Total changes for the year	(93)	0	–	(68)	(161)	358
Balance at March 31,2019	896	2	2,191	89	3,179	51,188

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	2,511	3,452
Depreciation	871	795
Amortization of goodwill	58	232
Loss on disposal of non-current assets	49	50
Increase in allowance for doubtful accounts	0	0
(Decrease) increase in provision for bonuses	(1)	42
(Decrease) increase in provision for directors' retirement benefits	(95)	27
Decrease (increase) in net defined benefit assets	9	(83)
Decrease in liability for retirement benefits, net	(14)	(7)
Interest and dividend income	(267)	(114)
Interest expenses	17	26
Share of profit of entities accounted for using equity method	(241)	(134)
Loss (gain) on sales of non-current assets	0	(0)
Loss on sales of investment securities	–	2
Gain on sales of shares of subsidiaries and associates	–	(94)
Increase in notes and accounts receivable - trade	(186)	(178)
Decrease (increase) in inventories	977	(626)
Increase in notes and accounts payable - trade	61	1,253
(Increase) decrease in other current assets	(86)	68
Increase (decrease) in other current liabilities	233	(123)
Decrease in other non-current liabilities	(16)	(31)
Other, net	–	6
Subtotal	3,880	4,565
Interest and dividend income received	615	133
Interest expenses paid	(17)	(25)
Income taxes paid	(767)	(422)
Net cash provided by operating activities	3,710	4,250
Cash flows from investing activities		
Increase in short-term investment securities, net	–	(2,000)
Increase in short-term loans receivable	(10)	–
Purchase of property, plant and equipment	(742)	(940)
Payments for disposal of property, plant and equipment	(30)	(30)
Proceeds from sales of property, plant and equipment	2	1
Purchase of intangible assets	(51)	(36)
Purchase of investment securities	(14)	(114)
Proceeds from sales of investment securities	–	6
Proceeds from sales of shares of subsidiaries and associates	–	500
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,091)	(977)
Other, net	(11)	(28)
Net cash used in investing activities	(1,948)	(3,620)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Decrease in short-term loans payable, net	(500)	—
Repayments of long-term loans payable	(841)	—
Repayments of lease obligations	(51)	(99)
Cash dividends paid	(1,585)	(1,564)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(199)
Other, net	(1)	(1)
Net cash used in financing activities	(2,979)	(1,864)
Net decrease in cash and cash equivalents	(1,217)	(1,233)
Cash and cash equivalents at beginning of year	10,921	9,704
Cash and cash equivalents at end of year	9,704	8,470