



Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (Japanese Accounting Standards)

May 11, 2021

Name of Listed Company: Starzen Co., Ltd.

Listing: Tokyo Stock Exchange

Securities code: 8043

URL: <https://www.starzen.co.jp/en/>

Representative: Kazuhiko Yokota, Representative Director, President & CEO

Contact: Takahiro Horihata, Executive Officer, General Manager of Group Controller Div. Tel: +81-3-3471-5521

Scheduled date of Ordinary General Shareholders' Meeting: June 29, 2021

Scheduled date of start of dividend payment: June 30, 2021

Scheduled filing date of Securities Report: June 29, 2021

Supplementary materials for the financial results: Yes

Investor conference for the financial results: Yes (For Analysts)

(Amounts of less than million yen are omitted.)

1. Results of the fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(1) Consolidated Operating Results (Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2021	349,242	-0.6	6,686	58.1	8,607	48.5	6,921	297.1
Year ended March 31, 2020	351,356	0.0	4,229	-11.7	5,795	-9.7	1,743	-61.8

(Note) Comprehensive income: Year ended March 31, 2021: 7,924 million yen (+592.3%)

Year ended March 31, 2020: 1,144 million yen (-74.1%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary income ROA	Operating margin
	Yen	Yen	%	%	%
Year ended March 31, 2021	354.91	—	12.4	6.7	1.9
Year ended March 31, 2020	89.47	84.52	3.3	4.6	1.2

(Reference) Equity in earnings of associate: Year ended March 31, 2021: 1,234 million yen

Year ended March 31, 2020: 654 million yen

(Note) The Company split its stock two for one effective April 1, 2021. Earnings per share and diluted earnings per share were calculated as if the stock split had occurred on April 1, 2019.

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth*/total assets	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	131,726	59,125	44.9	3,031.43
As of March 31, 2020	125,932	52,310	41.5	2,680.00

(Reference) Net worth*: As of March 31, 2021: 59,122 million yen

As of March 31, 2020: 52,310 million yen

* Net worth consists of shareholders' equity and accumulated other comprehensive income

(Note) The Company split its stock two for one effective April 1, 2021. Net assets per share were calculated as if the stock split had occurred on April 1, 2019.

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2021	11,084	(3,445)	(2,001)	14,530
Year ended March 31, 2020	1,459	(3,412)	890	8,896

2. Dividend Payments

	Dividends per share					Total dividends	Payout ratio (consolidated)	% of net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2020	—	—	—	110.00	110.00	1,073	61.5	2.1
Year ended March 31, 2021	—	—	—	130.00	130.00	1,267	18.3	2.3
Year ending March 31, 2022 (Forecast)	—	—	—	65.00	65.00		28.2	

(Note) The Company split its stock two for one effective April 1, 2021. The annual dividends per share for the years ended March 31, 2020, and March 31, 2021, are dividends per pre-split share; the (forecasted) annual dividend per share for the year ending March 31, 2022, is a dividend per post-split share.

3. Consolidated Financial Forecast (From April 1, 2021 to March 31, 2022)

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	360,000	3.1	5,000	-25.2	6,500	-24.5	4,500	-35.0	230.73

(Note) The Company split its stock two for one effective April 1, 2021. Forecasted earnings per share factor in the stock split.

Notes:

- (1) Significant changes of subsidiaries during the fiscal year under review (changes in specific subsidiaries accompanied by a change in the scope of consolidation): None
 Newly consolidated: — companies (company name(s)); Deconsolidated: — companies (company name(s))
- (2) Changes in accounting policies, changes of accounting estimates and restatement
 (i) Changes in accounting policies due to amendments to accounting standards: None
 (ii) Other changes in accounting policies: None
 (iii) Changes in accounting estimates: None
 (iv) Restatements: None

(3) Numbers of issued shares (common stock)

(i) Issued shares (including treasury shares) at period-end:

Year ended March 31, 2021	19,522,552 shares	Year ended March 31, 2020	19,522,552 shares
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(ii) Treasury shares at period-end:

Year ended March 31, 2021	19,414 shares	Year ended March 31, 2020	3,798 shares
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(iii) Average issued shares during period:

Year ended March 31, 2021	19,502,846 shares	Year ended March 31, 2020	19,482,534 shares
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(Note) The Company split its stock two for one effective April 1, 2021. Issued shares (including treasury shares) at period-end, treasury shares at period-end and average issued shares during period were calculated as if the stock split had occurred on April 1, 2019.

(Notes) This financial summary is not subject to a quarterly review by certified public accountants or audit firms.

Explanation about the proper use of financial forecasts and other special notes

(Notes concerning forward-looking statements, etc.)

Forward-looking statements or projections made in these materials, including financial forecasts, are based on information currently available to the Company and certain assumptions judged to be reasonable by management. Actual results may differ materially from these forecasts due to various factors. For more information on assumptions underlying the Company's financial forecast and use of said forecast, see "(4) Outlook" under "1. Summary of Operating Performance and Financial Position" on page 4 below.

(How to obtain content of financial results briefing)

The Company plans to host a financial results webcast for analysts on Wednesday, May 26, 2021 and promptly thereafter publish the webcast's presentation materials on its website (in Japanese only).

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1. Summary of Operating Performance and Financial Position

(1) Operating performance

In the fiscal year ended March 31, 2021, the Japanese economy remained challenged by the COVID-19 pandemic. Although it showed signs of recovery at times, forward visibility remained murky, clouded by recurring COVID-19 flare-ups.

In the food industry, consumption patterns have changed drastically in the wake of pandemic-induced lifestyle changes. The industry has had to adapt to a new operating environment marked by contraction in restaurant demand and growth in at-home demand.

The meat industry likewise remained beset by a high degree of uncertainty stemming largely from abrupt changes in meat products' sourcing and sales environments.

Against such a backdrop, the Group has been pursuing initiatives to achieve further growth while responding to the challenges posed by COVID-19. Such initiatives, which date back to April 2020, include consolidating sales organizations, strengthening logistics functions, expediting decision-making and streamlining operations. Meanwhile, the Zeus DX Project, a Group-wide business process reengineering program launched in the previous fiscal year, also has been proceeding apace. Additionally, to fulfill its mission of stably supplying food even amid the pandemic and to better satisfy customers' needs and wishes, the Group upgraded its hygiene management and deployed personnel more flexibly while placing priority on worker safety.

As a result of such efforts, the Group achieved major profit growth in the fiscal year ended March 31, 2021, despite a downtick in net sales. Specifically, consolidated net sales decreased 0.6% to 349,242 million yen, consolidated operating income grew 58.1% to 6,686 million yen, consolidated ordinary income increased 48.5% to 8,607 million yen and consolidated profit attributable to owners of parent soared 297.1% to 6,921 million yen, all year on year.

Operating performance by segment was as follows:

Meat-related Business

The meat-related business's net sales declined 0.6% year on year to 346,336 million yen.

Operating performance by division was as follows:

(Meat)

The domestic business was heavily impacted by a divergence between at-home demand and restaurant demand, with the former growing while the latter shrank. On balance, sales volume and net sales were both roughly flat year on year. Gross profit increased year on year, largely by virtue of improvement in the domestic beef sales environment and efforts to increase sales of products for at-home consumption, despite continued profitability headwinds due to contraction in restaurant demand, particularly in the imported chicken market.

Operating performance by category was as follows:

Domestic meat sales volume was roughly unchanged from the previous fiscal year, bolstered by generally robust pork sales volume, which offset a decrease in chicken sales volume due largely to avian influenza. Net sales were likewise nearly flat year on year despite a decrease in beef sales prices stemming from contraction in demand from both restaurants and foreign tourists. Lower beef sales prices were offset by higher sales prices for pork and chicken, demand for both of which was buoyant. Gross profit grew year on year, driven largely by improvement in the beef sales environment.

Imported meat sales volume and net sales were both down year on year as a result of a large decline in imported chicken sales volume, mostly in the restaurant channel. Gross profit increased, boosted by solid sales of beef and pork for at-home consumption.

The export business to Europe and the Americas were down sharply in the first quarter in the wake of the global demand downturn triggered by the pandemic, but they recovered from the second quarter onward. Additionally, overall export volume grew year on year, mainly as a result of an intensified focus on exporting to Taiwan, which has been successful at containing the pandemic. While net sales also grew, their growth was dampened by a decline in average export prices for domestic beef.

Overall, the Meat Division's net sales were down 1.0% year on year at 277,118 million yen. Its gross profit, however, increased year on year.

(Processed Meat)

The Processed Meat Division faced a challenging sales environment due to the pandemic, mainly with respect to commercial products for restaurants. Nonetheless, it performed well by virtue of stepping up its sales to retailers of products tailored to consumers' at-home meal preparation needs in response to growth in at-home meat consumption. It benefited from brisk sales to a major fast food chain also. As a result, the Processed Meat Division achieved year-on-year growth in sales volume, net sales and gross profit. Its net sales were up 3.6% to 55,657 million yen.

(Ham and Sausage)

The Ham and Sausage business also faced a challenging sales environment, mainly in the market for commercial products for restaurants. Although consumer product sales held up relatively well, overall sales volume, net sales and gross profit decreased year on year, with net sales down 10.1% to 11,561 million yen.

(Other Products)

Net sales of other products declined 0.5% year on year to 1,999 million yen.

Other Businesses

Other businesses' net sales increased 3.6% year on year to 2,905 million yen.

(2) Financial position

(Assets)

Consolidated current assets at fiscal year-end totaled 83,568 million yen, a 3,336 million yen increase from the previous fiscal year-end. Their increase was mainly attributable to growth in cash and deposits, partially offset by a reduction in merchandise and finished goods inventories.

Consolidated non-current assets totaled 48,151 million yen, a 2,463 million yen increase from the previous fiscal year-end. Their increase was mainly the net result of increases in investment securities and buildings and structures and a decrease in construction in progress.

Consolidated total assets consequently increased 5,794 million yen from the previous fiscal year-end to 131,726 million yen.

(Liabilities)

Consolidated current liabilities totaled 42,900 million yen, a 1,794 million yen decrease from the previous fiscal year-end. Their decrease was mainly due to a reduction in short-term loans payable.

Consolidated non-current liabilities totaled 29,699 million yen, a 773 million yen increase from the previous fiscal year-end. The growth was mainly attributable to an increase in long-term loans payable, partially offset by a decrease in long-term deferred tax liabilities.

Consolidated total liabilities consequently decreased 1,021 million yen from the previous fiscal year-end to 72,600 million yen at March 31, 2021.

(Net assets)

Consolidated net assets totaled 59,125 million yen, a 6,815 million yen increase from the previous fiscal year-end.

(3) Cash flows

Cash and cash equivalents at fiscal year-end totaled 14,530 million yen, a 5,633 million yen increase from the previous fiscal year-end.

(Cash flows from operating activities)

Operating activities provided net cash of 11,084 million yen. Primary sources of operating cash flow included a reduction in inventories in addition to profit before income taxes.

(Cash flows from investing activities)

Investing activities used net cash of 3,445 million yen, mainly to purchase non-current assets.

(Cash flows from financing activities)

Financing activities used net cash of 2,001 million yen. Primary uses of financing cash flow included repayment of long-term loans

payable, a reduction in short-term loans payable, payment of cash dividends and redemption of bonds; the primary source was proceeds from long-term loans payable.

(4) Outlook

With the COVID-19 pandemic's end not yet in sight, economic visibility is expected to remain murky. Even the meat industry will have to adapt to pandemic-induced changes in consumer needs. Such changes are expected to include entrenchment of new consumer lifestyles and further escalation of consumer frugality. Additionally, the meat supply-demand balance is expected to shift dramatically in response to factors such as import/export restrictions, communicable livestock diseases like African swine fever and short-term dips in demand for, e.g., prime cuts of meat due to restrictions on economic activity. Moreover, meat prices are expected to be highly volatile, partly in response to import tariff cuts under economic partnership agreements like the TPP. Other challenges faced by the meat industry include intensification of sales competition, growth in logistics and personnel expenses due to labor shortages and growing environmental consciousness.

Against such a backdrop, the Group will manage its operations in an environmentally, societally and economically sustainable manner to contribute to the realization of a sustainable society as a supplier of food essential to people's daily lives. To strengthen its operational foundations through DX and business process reengineering while meeting ever-changing consumer needs, the Group will strengthen its marketing and product development functions and sales capabilities in the aim of rolling out products and services that command customer loyalty.

Additionally, the Group will expand its footprint in the US and China in particular, two overseas markets with promising growth prospects, horizontally extend its hybrid processing/distribution business model and build close ties with *wagyu* exporters.

For the fiscal year ending March 31, 2022, the Company is forecasting consolidated net sales of 360,000 million yen, operating income of 5,000 million yen, ordinary income of 6,500 million yen and profit attributable to owners of parent of 4,500 million yen.

This consolidated earnings forecast, formulated under conditions of poor forward visibility, assumes that the COVID-19 pandemic's repercussions will persist for the duration of the fiscal year.

2. Basic Policy of Selection of Accounting Standards

In light of considerations such as consolidated financial statements' inter-company comparability, the Group plans to prepare its consolidated financial statements in conformity with Japanese accounting standards for the time being.

With respect to adoption of International Financial Reporting Standards, the Group plans to take appropriate action in light of developments in Japan and overseas.

3. Consolidated Financial Statements and Notes

(1) Consolidated balance sheet

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	9,232	14,750
Notes and accounts receivable-trade	31,999	34,372
Merchandise and finished goods	26,841	24,188
Work in process	423	418
Raw materials and supplies	2,474	1,937
Advance payments - trade	7,197	6,720
Other	2,073	1,192
Allowance for doubtful accounts	(9)	(11)
Total current assets	80,232	83,568
Non-current assets		
Property, plant and equipment		
Buildings and structures	30,310	32,467
Accumulated depreciation	(18,232)	(19,118)
Buildings and structures, net	12,078	13,348
Machinery, equipment and vehicles	16,521	17,651
Accumulated depreciation	(12,467)	(13,277)
Machinery, equipment and vehicles, net	4,054	4,373
Land	10,678	10,678
Leased assets	1,834	1,928
Accumulated depreciation	(848)	(1,062)
Leased assets, net	986	866
Construction in progress	813	38
Other	1,556	1,707
Accumulated depreciation	(1,254)	(1,293)
Other, net	302	414
Total property, plant and equipment	28,912	29,719
Intangible assets		
Goodwill	18	6
Leased assets	0	—
Other	828	909
Total intangible assets	847	915
Investments and other assets		
Investment securities	13,061	15,046
Retirement benefit asset	45	63
Real estate for rent	1,091	1,147
Long-term loans receivable	0	0
Deferred tax assets	1,020	622
Other	802	697
Allowance for doubtful accounts	(93)	(61)
Total investments and other assets	15,927	17,515
Total non-current assets	45,687	48,151
Deferred assets		
Bond issuance cost	12	6
Total deferred assets	12	6
Total assets	125,932	131,726

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable-trade	15,245	15,185
Short-term loans payable	8,208	6,253
Current portion of bonds	1,000	—
Current portion of long-term bonds payable	8,273	9,475
Lease obligations	303	294
Income taxes payable	1,219	912
Provision for bonus	1,553	1,680
Accounts payable - other	7,174	7,083
Other	1,717	2,013
Total current liabilities	44,695	42,900
Non-current liabilities		
Bonds payable	2,100	2,100
Long-term loans payable	22,023	23,191
Lease obligations	850	718
Net defined benefit liability	2,010	2,043
Provision for loss on guarantees	—	21
Other	1,941	1,624
Total non-current liabilities	28,926	29,699
Total liabilities	73,621	72,600
Net assets		
Shareholders' equity		
Capital stock	11,658	11,658
Capital surplus	12,513	12,511
Retained earnings	27,516	33,364
Treasury stock	(9)	(42)
Total shareholders' equity	51,678	57,491
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	900	1,692
Deferred gains or losses on hedges	98	211
Foreign currency translation adjustment	(245)	(252)
Remeasurements of defined benefit plans	(121)	(20)
Total accumulated other comprehensive income	631	1,630
Non-controlling interests	—	3
Total net assets	52,310	59,125
Total liabilities and net assets	125,932	131,726

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Net sales	351,356	349,242
Cost of sales	320,089	314,880
Gross profit	31,266	34,361
Selling, general and administrative expenses	27,037	27,675
Operating income	4,229	6,686
Non-operating income		
Interest income	9	2
Dividend income	109	120
Real estate rent	432	412
Insurance and dividend income	467	289
Equity in earnings of associate	654	1,234
Reversal of allowance for doubtful accounts	82	1
Other	460	732
Total non-operating income	2,216	2,791
Non-operating expenses		
Interest expenses	300	266
Expenses for real estate rent	147	135
Amortization of bond issuance cost	9	5
Provision of allowance for doubtful accounts	—	2
Loss on repayment of subsidy	—	247
Other	191	212
Total non-operating expenses	650	870
Ordinary income	5,795	8,607
Extraordinary income		
Gain on sales of non-current assets	4	0
Gain on sales of shares of subsidiaries and associates	5	—
Total extraordinary income	9	0
Extraordinary losses		
Loss on sales of non-current assets	3	1
Loss on retirement of non-current assets	65	25
Loss on sales of investment securities	—	49
Loss on valuation of investment securities	2	—
Loss on valuation of shares of subsidiaries and associates	2	116
Impairment loss	1,772	80
Other	2	—
Total extraordinary losses	1,848	273
Profit before income taxes	3,956	8,334
Current	1,911	1,810
Deferred	308	(400)
Total income taxes	2,220	1,409
Profit	1,736	6,925
Profit (loss) attributable to non-controlling interests	(6)	3
Profit attributable to owners of parent	1,743	6,921

Consolidated statement of comprehensive income

(Million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Profit	1,736	6,925
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	(531)	762
Deferred gains or losses on hedges	85	112
Foreign currency translation adjustment	(19)	(9)
Remeasurements of defined benefit plans	(80)	20
Share of other comprehensive income of associates accounted for using the equity method	(47)	112
Total other comprehensive income	(591)	999
Comprehensive income	1,144	7,924
Comprehensive income (loss) attributable to:		
Owners of parent	1,151	7,921
Non-controlling interests	(6)	3

(3) Consolidated statement of changes in equity

Year ended March 31, 2020

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	11,612	12,467	26,942	(7)	51,015
Changes in items during year					
Issuance of new shares	45	45			91
Dividends of surplus			(1,168)		(1,168)
Profit attributable to owners of parent			1,743		1,743
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		(0)		0	0
Net changes in items other than shareholders' equity					
Total changes in items during period	45	45	574	(1)	663
Balance at end of year	11,658	12,513	27,516	(9)	51,678

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of year	1,433	12	(202)	(20)	1,223	6	52,244
Changes in items during year							
Issuance of new shares							91
Dividends of surplus							(1,168)
Profit attributable to owners of parent							1,743
Purchase of treasury stock							(1)
Disposal of treasury stock							0
Net changes in items other than shareholders' equity	(532)	85	(43)	(101)	(591)	(6)	(598)
Total changes in items during period	(532)	85	(43)	(101)	(591)	(6)	65
Balance at end of year	900	98	(245)	(121)	631	—	52,310

Year ended March 31, 2021

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	11,658	12,513	27,516	(9)	51,678
Changes in items during year					
Issuance of new shares					—
Dividends of surplus			(1,073)		(1,073)
Profit attributable to owners of parent			6,921		6,921
Purchase of treasury stock				(52)	(52)
Disposal of treasury stock		(1)		18	17
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(1)	5,848	(33)	5,812
Balance at end of year	11,658	12,511	33,364	(42)	57,491

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of year	900	98	(245)	(121)	631	—	52,310
Changes in items during year							
Issuance of new shares							—
Dividends of surplus							(1,073)
Profit attributable to owners of parent							6,921
Purchase of treasury stock							(52)
Disposal of treasury stock							17
Net changes in items other than shareholders' equity	792	113	(7)	100	999	3	1,002
Total changes in items during period	792	113	(7)	100	999	3	6,815
Balance at end of year	1,692	211	(252)	(20)	1,630	3	59,125

(4) Consolidated statement of cash flows

(Million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	3,956	8,334
Depreciation	2,809	2,765
Impairment loss	1,772	80
Amortization of goodwill	138	12
Increase (decrease) in provision for bonuses	(9)	126
Increase (decrease) in allowance for doubtful accounts	(88)	(30)
Increase (decrease) in net defined benefit liability	114	13
Interest and dividend income	(119)	(122)
Interest expenses	300	266
Equity in (earnings) losses of associate	(654)	(1,234)
Loss on repayment of subsidy	—	247
Loss on retirement of non-current assets	65	25
Loss (gain) on sales of non-current assets	(0)	0
Loss (gain) on sales of investment securities	—	49
Loss (gain) on valuation of investment securities	2	—
Loss (gain) on sales of shares of subsidiaries and associates	(5)	—
Loss on valuation of shares of subsidiaries and associates	2	116
Decrease (Increase) in notes and accounts receivable-trade	2,508	(2,364)
Decrease (increase) in inventories	(3,970)	3,200
Decrease (increase) in advance payments	(947)	475
Increase (decrease) in notes and accounts payable-trade	(2,166)	(75)
Increase (decrease) in accounts payable - other	(507)	(61)
Other	(330)	750
Subtotal	2,872	12,578
Interest and dividend income receive	513	399
Interest expenses paid	(301)	(259)
Income taxes paid	(1,624)	(1,633)
Net cash provided by (used in) operating activities	1,459	11,084

(Million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from investing activities		
Payments into time deposits	(369)	—
Proceeds from withdrawal of time deposit	310	112
Purchase of non-current assets	(3,020)	(3,431)
Proceeds from sales of non-current assets	107	8
Purchases of investment securities	(322)	(21)
Proceeds from sales of investment securities	0	29
Purchase of shares of subsidiaries and associates	(114)	(49)
Proceeds from sales of shares of subsidiaries and associates	8	—
Net decrease (Increase) in short-term loans receivable	112	4
Payments of long-terms loans receivable	(0)	(0)
Collection of long-term loans receivable	1	1
Other	(124)	(99)
Net cash provided by (used in) investing activities	(3,412)	(3,445)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,215	(1,954)
Repayments of long-term loans payable	(8,584)	(9,630)
Proceeds from long-term loans payable	11,500	12,000
Repayments of lease obligations	(347)	(292)
Redemption of bonds	(2,726)	(1,000)
Proceeds from sales of treasury stock	0	—
Purchases of treasury stock	(1)	(52)
Cash dividends paid	(1,165)	(1,071)
Net cash provided by (used in) financing activities	890	(2,001)
Effect of exchange rate change on cash and cash equivalents	(10)	(2)
Net increase (decrease) in cash and cash equivalents	(1,072)	5,633
Cash and cash equivalents at the beginning of year	9,969	8,896
Cash and cash equivalents at the end of year	8,896	14,530

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

N/A

(Segment information)

Segment information is omitted because the Company has only one reportable segment: its Meat-related Business, whose operations run the gamut from livestock production/fattening to meat processing, manufacturing and sales, mainly in Japan. The Meat-related Business accounts for a vast majority of the Company's business activities.

(Per-share information)

(Yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Net assets per share	2,680.00	3,031.43
Earnings per share	89.47	354.91
Diluted earnings per share	84.52	—

(Notes) 1. Diluted earnings per share for the fiscal year ended March 31, 2021, are not presented because no potential shares exist.

2. The Company split its stock two for one effective April 1, 2021. Net assets per share, earnings per share and diluted earnings per share were calculated as if the stock split had occurred on April 1, 2019.

3. The inputs used to calculate earnings per share and diluted earnings per share are presented below.

	Year ended March 31, 2020	Year ended March 31, 2021
Earnings per share		
Profit attributable to owners of parent (million yen)	1,743	6,921
Profit not attributable to common shareholders (million yen)	—	—
Profit attributable to common shareholders of parent (million yen)	1,743	6,921
Weighted-average shares outstanding (shares)	19,482,534	19,502,846
Diluted earnings per share		
Adjusted profit attributable to owners of parent (million yen)	—	—
Increase in common shares outstanding (shares)	1,139,771	—
(Convertible bonds (shares))	(1,139,771)	(—)
Potential shares not included in calculation of diluted earnings per share because they are not dilutive	—	—

4. The inputs used to calculate net assets per share are presented below.

	As of March 31, 2020	As of March 31, 2021
Total net assets (million yen)	52,310	59,125
Deductions from total net assets (million yen)	—	3
(Non-controlling interests (million yen))	(—)	(3)
Net assets attributable to common shares (million yen)	52,310	59,122
Common share count used to calculate net assets per share (shares)	19,518,754	19,503,138

(Significant subsequent events)

(Stock split and amendment of Articles of Incorporation in conjunction therewith)

On April 1, 2021, the Company split its stock and amended its Articles of Incorporation in conjunction with the stock split pursuant to a March 3, 2021, resolution of its Board of Directors.

1. Purpose of stock split

The Company split its stock in the aim of increasing its stock's liquidity and expanding its investor base by reducing the price per trading unit of its stock.

2. Overview of stock split

(1) Stock split method

Common shares owned by shareholders of record as of the close of business on the March 31, 2021, record date were split two for one.

(2) Increase in share count due to stock split

Pre-split issued share count	9,761,276
Increase in share count due to split	9,761,276
Post-split issued share count	19,522,552
Post-split authorized share count	44,000,000

(3) Stock split timeline

Record-date notice date	March 17, 2021
Record date	March 31, 2021
Effective date	April 1, 2021

(4) Effect on per-share information

Per-share information contained herein has been adjusted to reflect the stock split's effect thereon.

3. Amendment of Articles of Incorporation

(1) Reason for amendment

In conjunction with the stock split, the Company amended Article 5 (Authorized Shares) of its Articles of Incorporation effective April 1, 2021, pursuant to Article 184(2) of the Companies Act.

(2) Content of amendment

(amended text is underlined)

Pre-amendment Article	Amended Article
Article 5 (Authorized Shares) The Company is authorized to issue <u>22</u> million shares.	Article 5 (Authorized Shares) The Company is authorized to issue <u>44</u> million shares.

(3) Amendment date

Effective date April 1, 2021

(4) Other

Change in capital stock account balance

The capital stock account balance is unchanged by the stock split.

(Additional information)

(Accounting estimates associated with COVID-19 pandemic)

The Company continues to conduct business activities at its business establishments under strict precautions against the effects of COVID-19. However, COVID 19 broadly affects economic and business activities. Additionally, predicting how COVID-19 will spread or when it will die down is practically impossible. In light of such, the Company has formulated its accounting estimates based on information from external sources and on the assumption that the effects of economic stagnation due to, e.g., mass aversion to public spaces will persist for much of the fiscal year ending March 31, 2022.