

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2021
(Based on Japanese GAAP)**

May 14, 2021

Company name: HOKUTO CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 1379 URL <https://www.hokto-kinoko.co.jp>
 Representative: President Masayoshi Mizuno
 Executive Director, Administration
 Inquiries: Tomio Takato TEL 026-259-5955
 Department Director
 Scheduled date of ordinary general meeting of shareholders: June 25, 2021
 Scheduled date to file Securities Report: June 25, 2021
 Scheduled date to commence dividend payments: June 28, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	73,889	3.7	6,012	53.3	6,526	55.9	4,038	163.6
Year ended March 31, 2020	71,220	1.5	3,923	6.5	4,187	(9.2)	1,531	(52.0)

	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, 2021	128.83	111.90	7.7	6.5	8.1
Year ended March 31, 2020	48.59	42.19	3.0	4.1	5.5

(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, 2021	100,237	54,140	54.0	1,720.37
As of March 31, 2020	100,602	50,545	50.2	1,616.78

(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 period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	10,471	(4,332)	(4,801)	12,833
Year ended March 31, 2020	10,778	(2,896)	(4,837)	11,400

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, 2020	–	10.00	–	50.00	60.00	1,879	123.5	3.7
Year ended March 31, 2021	–	10.00	–	50.00	60.00	1,886	46.6	3.6
Year ending March 31, 2022 (Forecast)	–	10.00	–	50.00	60.00		–	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2021	32,700	–	(870)	–	(790)	–	(620)	–	(19.69)
Full year	74,800	–	5,100	(15.2)	5,240	(19.7)	3,300	(18.3)	104.72

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(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: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2021	33,359,040 shares	As of March 31, 2020	33,359,040 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	1,888,679 shares	As of March 31, 2020	2,096,197 shares
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Average number of shares during the period

Year ended March 31, 2021	31,343,499 shares	Year ended March 31, 2020	31,522,370 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	12,178	13,891
Notes and accounts receivable - trade	5,798	5,845
Merchandise and finished goods	1,823	2,251
Work in process	3,643	3,701
Raw materials and supplies	688	735
Other	1,122	508
Allowance for doubtful accounts	(43)	(53)
Total current assets	25,212	26,881
Non-current assets		
Property, plant and equipment		
Buildings and structures	63,960	64,247
Accumulated depreciation	(28,633)	(29,985)
Buildings and structures, net	35,327	34,262
Machinery, equipment and vehicles	57,268	59,628
Accumulated depreciation	(40,373)	(45,291)
Machinery, equipment and vehicles, net	16,894	14,337
Land	13,854	14,354
Construction in progress	724	651
Other	2,312	2,339
Accumulated depreciation	(1,841)	(1,897)
Other, net	470	441
Total property, plant and equipment	67,271	64,047
Intangible assets		
Goodwill	188	115
Other	115	134
Total intangible assets	304	250
Investments and other assets		
Investment securities	5,794	6,544
Deferred tax assets	336	291
Retirement benefit asset	570	995
Other	1,132	1,246
Allowance for doubtful accounts	(20)	(19)
Total investments and other assets	7,814	9,057
Total non-current assets	75,389	73,355
Total assets	100,602	100,237

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,873	5,870
Short-term borrowings	4,437	3,931
Current portion of long-term borrowings	4,234	6,636
Income taxes payable	1,240	2,005
Provision for bonuses	1,094	1,130
Provision for loss on disaster	1,407	–
Other	4,297	3,749
Total current liabilities	22,585	23,323
Non-current liabilities		
Long-term borrowings	16,680	11,739
Bonds with share acquisition rights	9,982	9,722
Deferred tax liabilities	51	490
Retirement benefit liability	356	371
Asset retirement obligations	194	213
Provision for share awards for directors (and other officers)	23	66
Other	183	169
Total non-current liabilities	27,471	22,772
Total liabilities	50,056	46,096
Net assets		
Shareholders' equity		
Share capital	5,500	5,500
Capital surplus	5,697	5,727
Retained earnings	43,130	45,267
Treasury shares	(3,925)	(3,530)
Total shareholders' equity	50,402	52,964
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,143	1,659
Foreign currency translation adjustment	(498)	(328)
Remeasurements of defined benefit plans	(502)	(155)
Total accumulated other comprehensive income	142	1,176
Total net assets	50,545	54,140
Total liabilities and net assets	100,602	100,237

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	71,220	73,889
Cost of sales	51,255	51,988
Gross profit	19,965	21,901
Selling, general and administrative expenses	16,041	15,888
Operating profit	3,923	6,012
Non-operating income		
Interest income	13	4
Dividend income	138	147
Subsidy income	313	87
Rental income from land and buildings	99	100
Foreign exchange gains	–	184
Other	59	83
Total non-operating income	624	608
Non-operating expenses		
Interest expenses	90	80
Foreign exchange losses	258	–
Other	10	14
Total non-operating expenses	360	94
Ordinary profit	4,187	6,526
Extraordinary income		
Gain on sale of non-current assets	12	39
Insurance claim income	1,237	190
Subsidy income	616	–
Other	0	–
Total extraordinary income	1,867	230
Extraordinary losses		
Loss on disaster	2,806	162
Impairment losses	235	299
Other	108	31
Total extraordinary losses	3,150	493
Profit before income taxes	2,904	6,262
Income taxes - current	1,268	2,098
Income taxes - deferred	104	126
Total income taxes	1,372	2,224
Profit	1,531	4,038
Profit attributable to owners of parent	1,531	4,038

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	1,531	4,038
Other comprehensive income		
Valuation difference on available-for-sale securities	(111)	515
Foreign currency translation adjustment	39	170
Remeasurements of defined benefit plans, net of tax	(184)	347
Total other comprehensive income	(257)	1,033
Comprehensive income	1,274	5,071
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,274	5,071
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,500	5,697	43,529	(3,096)	51,630
Changes during period					
Dividends of surplus			(1,900)		(1,900)
Profit attributable to owners of parent			1,531		1,531
Change in scope of consolidation			(30)		(30)
Purchase of treasury shares				(876)	(876)
Disposal of treasury shares		0		47	47
Net changes in items other than shareholders' equity					
Total changes during period	-	0	(399)	(828)	(1,228)
Balance at end of period	5,500	5,697	43,130	(3,925)	50,402

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,255	(537)	(317)	400	52,030
Changes during period					
Dividends of surplus					(1,900)
Profit attributable to owners of parent					1,531
Change in scope of consolidation					(30)
Purchase of treasury shares					(876)
Disposal of treasury shares					47
Net changes in items other than shareholders' equity	(111)	39	(184)	(257)	(257)
Total changes during period	(111)	39	(184)	(257)	(1,485)
Balance at end of period	1,143	(498)	(502)	142	50,545

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,500	5,697	43,130	(3,925)	50,402
Changes during period					
Dividends of surplus			(1,901)		(1,901)
Profit attributable to owners of parent			4,038		4,038
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		29		396	426
Net changes in items other than shareholders' equity					
Total changes during period	-	29	2,136	395	2,562
Balance at end of period	5,500	5,727	45,267	(3,530)	52,964

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,143	(498)	(502)	142	50,545
Changes during period					
Dividends of surplus					(1,901)
Profit attributable to owners of parent					4,038
Purchase of treasury shares					(1)
Disposal of treasury shares					426
Net changes in items other than shareholders' equity	515	170	347	1,033	1,033
Total changes during period	515	170	347	1,033	3,595
Balance at end of period	1,659	(328)	(155)	1,176	54,140

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,904	6,262
Depreciation	7,075	6,907
Amortization of goodwill	134	69
Increase (decrease) in provision for bonuses	14	34
Decrease (increase) in retirement benefit asset	31	71
Increase (decrease) in retirement benefit liability	11	18
Interest and dividend income	(151)	(151)
Interest expenses	90	80
Insurance claim income	(1,237)	(190)
Subsidy income	(616)	–
Impairment losses	235	299
Loss on disaster	2,502	127
Foreign exchange losses (gains)	258	(216)
Decrease (increase) in trade receivables	1,023	(20)
Decrease (increase) in inventories	(66)	(512)
Increase (decrease) in trade payables	(631)	52
Decrease (increase) in other current assets	92	(62)
Increase (decrease) in other current liabilities	126	(320)
Other, net	45	13
Subtotal	11,844	12,462
Interest and dividends received	151	151
Interest paid	(87)	(75)
Proceeds from insurance income	1,237	190
Subsidies received	–	616
Payments associated with disaster loss	(788)	(1,534)
Income taxes paid	(1,579)	(1,338)
Net cash provided by (used in) operating activities	10,778	10,471
Cash flows from investing activities		
Payments into time deposits	(118)	(398)
Proceeds from withdrawal of time deposits	61	126
Purchase of property, plant and equipment	(2,726)	(3,995)
Proceeds from sale of property, plant and equipment	62	101
Purchase of investment securities	(360)	(220)
Proceeds from sale of investment securities	358	198
Other payments	(182)	(150)
Other proceeds	7	5
Net cash provided by (used in) investing activities	(2,896)	(4,332)
Cash flows from financing activities		
Proceeds from short-term borrowings	4,520	7,510
Repayments of short-term borrowings	(11,000)	(8,020)
Proceeds from long-term borrowings	5,730	2,000
Repayments of long-term borrowings	(1,357)	(4,555)
Purchase of treasury shares	(876)	(1)
Proceeds from sale of treasury shares	46	166
Dividends paid	(1,900)	(1,901)
Net cash provided by (used in) financing activities	(4,837)	(4,801)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Effect of exchange rate change on cash and cash equivalents	(31)	95
Net increase (decrease) in cash and cash equivalents	3,012	1,432
Cash and cash equivalents at beginning of period	8,329	11,400
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	59	–
Cash and cash equivalents at end of period	11,400	12,833