

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

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 28, 2022
 Scheduled date to file Securities Report: June 28, 2022
 Scheduled date to commence dividend payments: June 29, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	70,932	–	2,014	(66.5)	3,658	(43.9)	2,530	(37.3)
Year ended March 31, 2021	73,889	3.7	6,012	53.3	6,526	55.9	4,038	163.6

	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, 2022	80.26	69.93	4.7	3.6	2.8
Year ended March 31, 2021	128.83	111.90	7.7	6.5	8.1

(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, 2022	104,933	54,509	51.9	1,726.24
As of March 31, 2021	100,237	54,140	54.0	1,720.37

(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, 2022	5,851	(11,608)	3,012	10,399
Year ended March 31, 2021	10,471	(4,332)	(4,801)	12,833

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, 2021	–	10.00	–	50.00	60.00	1,886	46.6	3.6
Year ended March 31, 2022	–	10.00	–	50.00	60.00	1,894	74.8	3.5
Year ending March 31, 2023 (Forecast)	–	10.00	–	50.00	60.00		–	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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, 2022	34,600	9.8	(2,630)	–	(2,550)	–	(2,160)	–	(68.35)
Full year	78,700	10.9	3,000	48.9	3,120	(14.7)	1,780	(29.7)	56.28

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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: Yes

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, 2022	33,359,040 shares	As of March 31, 2021	33,359,040 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	1,782,109 shares	As of March 31, 2021	1,888,679 shares
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Average number of shares during the period

Year ended March 31, 2022	31,526,608 shares	Year ended March 31, 2021	31,343,499 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	13,891	12,481
Notes and accounts receivable - trade	5,845	–
Notes receivable - trade	–	329
Accounts receivable - trade	–	5,587
Merchandise and finished goods	2,251	1,975
Work in process	3,701	4,173
Raw materials and supplies	735	945
Other	508	1,635
Allowance for doubtful accounts	(53)	(27)
Total current assets	26,881	27,100
Non-current assets		
Property, plant and equipment		
Buildings and structures	64,247	69,934
Accumulated depreciation	(29,985)	(32,339)
Buildings and structures, net	34,262	37,595
Machinery, equipment and vehicles	59,628	66,786
Accumulated depreciation	(45,291)	(50,418)
Machinery, equipment and vehicles, net	14,337	16,368
Land	14,354	14,418
Construction in progress	651	27
Other	2,339	2,264
Accumulated depreciation	(1,897)	(1,899)
Other, net	441	365
Total property, plant and equipment	64,047	68,774
Intangible assets		
Goodwill	115	46
Other	134	204
Total intangible assets	250	250
Investments and other assets		
Investment securities	6,544	5,664
Deferred tax assets	291	400
Retirement benefit asset	995	1,040
Other	1,246	1,718
Allowance for doubtful accounts	(19)	(14)
Total investments and other assets	9,057	8,807
Total non-current assets	73,355	77,832
Total assets	100,237	104,933

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,870	5,763
Short-term borrowings	3,931	4,951
Current portion of long-term borrowings	6,636	4,490
Income taxes payable	2,005	1,002
Provision for bonuses	1,130	1,016
Other	3,749	4,531
Total current liabilities	23,323	21,757
Non-current liabilities		
Long-term borrowings	11,739	17,753
Bonds with share acquisition rights	9,722	9,719
Deferred tax liabilities	490	356
Retirement benefit liability	371	382
Asset retirement obligations	213	240
Provision for share awards for directors (and other officers)	66	71
Other	169	144
Total non-current liabilities	22,772	28,666
Total liabilities	46,096	50,423
Net assets		
Shareholders' equity		
Share capital	5,500	5,500
Capital surplus	5,727	5,728
Retained earnings	45,267	45,888
Treasury shares	(3,530)	(3,318)
Total shareholders' equity	52,964	53,798
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,659	1,038
Foreign currency translation adjustment	(328)	(205)
Remeasurements of defined benefit plans	(155)	(122)
Total accumulated other comprehensive income	1,176	710
Total net assets	54,140	54,509
Total liabilities and net assets	100,237	104,933

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	73,889	70,932
Cost of sales	51,988	53,540
Gross profit	21,901	17,392
Selling, general and administrative expenses	15,888	15,377
Operating profit	6,012	2,014
Non-operating income		
Interest income	4	5
Dividend income	147	127
Subsidy income	87	651
Rental income from land and buildings	100	92
Foreign exchange gains	184	809
Other	83	68
Total non-operating income	608	1,754
Non-operating expenses		
Interest expenses	80	79
Settlement payments	–	13
Other	14	16
Total non-operating expenses	94	110
Ordinary profit	6,526	3,658
Extraordinary income		
Gain on sale of non-current assets	39	4
Insurance claim income	190	–
Other	–	0
Total extraordinary income	230	4
Extraordinary losses		
Loss on retirement of non-current assets	5	1
Loss on disaster	162	–
Impairment losses	299	–
Other	25	0
Total extraordinary losses	493	1
Profit before income taxes	6,262	3,661
Income taxes - current	2,098	1,098
Income taxes - deferred	126	32
Total income taxes	2,224	1,131
Profit	4,038	2,530
Profit attributable to owners of parent	4,038	2,530

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	4,038	2,530
Other comprehensive income		
Valuation difference on available-for-sale securities	515	(621)
Foreign currency translation adjustment	170	122
Remeasurements of defined benefit plans, net of tax	347	33
Total other comprehensive income	1,033	(465)
Comprehensive income	5,071	2,064
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,071	2,064
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,500	5,727	45,267	(3,530)	52,964
Changes during period					
Dividends of surplus			(1,908)		(1,908)
Profit attributable to owners of parent			2,530		2,530
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		0		213	213
Net changes in items other than shareholders' equity					
Total changes during period	-	0	621	211	834
Balance at end of period	5,500	5,728	45,888	(3,318)	53,798

	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	1,659	(328)	(155)	1,176	54,140
Changes during period					
Dividends of surplus					(1,908)
Profit attributable to owners of parent					2,530
Purchase of treasury shares					(1)
Disposal of treasury shares					213
Net changes in items other than shareholders' equity	(621)	122	33	(465)	(465)
Total changes during period	(621)	122	33	(465)	368
Balance at end of period	1,038	(205)	(122)	710	54,509

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	6,262	3,661
Depreciation	6,907	6,905
Amortization of goodwill	69	72
Increase (decrease) in provision for bonuses	34	(116)
Decrease (increase) in retirement benefit asset	71	(2)
Increase (decrease) in retirement benefit liability	18	15
Interest and dividend income	(151)	(132)
Interest expenses	80	79
Insurance claim income	(190)	–
Impairment losses	299	–
Loss on disaster	127	–
Foreign exchange losses (gains)	(216)	(849)
Decrease (increase) in trade receivables	(20)	(7)
Decrease (increase) in inventories	(512)	(338)
Increase (decrease) in trade payables	52	(1)
Decrease (increase) in other current assets	(62)	(1,160)
Increase (decrease) in other current liabilities	(320)	159
Decrease (increase) in other non-current assets	–	(350)
Other, net	13	(16)
Subtotal	12,462	7,918
Interest and dividends received	151	132
Interest paid	(75)	(75)
Proceeds from insurance income	190	–
Subsidies received	616	–
Payments associated with disaster loss	(1,534)	–
Income taxes paid	(1,338)	(2,124)
Net cash provided by (used in) operating activities	10,471	5,851
Cash flows from investing activities		
Payments into time deposits	(398)	(1,422)
Proceeds from withdrawal of time deposits	126	438
Purchase of property, plant and equipment	(3,995)	(10,396)
Proceeds from sale of property, plant and equipment	101	5
Purchase of investment securities	(220)	(100)
Proceeds from sale of investment securities	198	86
Other payments	(150)	(225)
Other proceeds	5	6
Net cash provided by (used in) investing activities	(4,332)	(11,608)
Cash flows from financing activities		
Proceeds from short-term borrowings	7,510	13,000
Repayments of short-term borrowings	(8,020)	(12,010)
Proceeds from long-term borrowings	2,000	11,000
Repayments of long-term borrowings	(4,555)	(7,269)
Purchase of treasury shares	(1)	(1)
Proceeds from sale of treasury shares	166	201
Dividends paid	(1,901)	(1,908)
Net cash provided by (used in) financing activities	(4,801)	3,012
Effect of exchange rate change on cash and cash equivalents	95	310
Net increase (decrease) in cash and cash equivalents	1,432	(2,434)
Cash and cash equivalents at beginning of period	11,400	12,833
Cash and cash equivalents at end of period	12,833	10,399