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Consolidated Financial Results for the Year Ended March 31, 2025 (Based on Japanese GAAP)

May 14, 2025

Company name: HOKUTO CORPORATION

Stock exchange listing: Tokyo

Stock code: 1379

URL: <https://www.hokto-kinoko.co.jp/lang/en/>

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Scheduled date of ordinary general meeting of shareholders:

Scheduled date to commence dividend payments:

June 20, 2025

June 23, 2025

Scheduled date to file Annual Securities Report: June 20, 2025

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, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025	83,104	4.6	6,628	108.4	6,953	47.5	4,441	26.0
Year ended March 31, 2024	79,426	8.8	3,180	—	4,715	—	3,525	—

Note: Comprehensive income: Year ended March 31, 2025: ¥4,401 million [-12.3%]

Year ended March 31, 2024: ¥5,017 million [-%]

	Earnings per share	Diluted earnings per share	Return on equity (ROE)	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2025	140.63	121.97	8.0	6.6	8.0
Year ended March 31, 2024	111.19	106.38	6.7	4.5	4.0

Reference: Share of profit (loss) of entities accounted for using equity method: Year ended March 31, 2025: ¥— million

Year ended March 31, 2024: ¥— million

(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, 2025	107,620	56,808	52.8	1,817.38
As of March 31, 2024	103,505	54,824	53.0	1,728.17

Reference: Equity: As of March 31, 2025: ¥56,808 million

As of March 31, 2024: ¥54,824 million

(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, 2025	12,222	(9,012)	(1,721)	15,069
Year ended March 31, 2024	8,375	1,046	(8,789)	13,638

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, 2024	—	10.00	—	40.00	50.00	1,586	45.0	3.0
Year ended March 31, 2025	—	10.00	—	40.00	50.00	1,567	35.6	2.8
Year ending March 31, 2026 (Forecast)	—	10.00	—	—	—		—	

Note: The breakdown of year-end dividends for the year ended March 31, 2024:

Ordinary dividend: ¥35.00 per share

Commemorative dividend: ¥5.00 per share

Note: The forecast for the year-end dividends for the year ending March 31, 2026 has not yet been determined.

Total cash dividends do not include dividends paid on the Company's shares held by the Board Incentive Plan Trust (BIP Trust) (¥4 million for the year ended March 31, 2024, ¥4 million for the year ended March 31, 2025) and dividends paid on the Company's shares held by the employee stock ownership plan (ESOP)

(¥0 million for the year ended March 31, 2024, ¥18 million for the year ended March 31, 2025).

3. Forecast of consolidated financial results for the year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

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, 2025	38,100	5.8	(1,330)	—	(1,160)	—	280	—	8.95
Full year	83,600	0.6	4,280	−35.4	4,650	−33.1	4,340	−2.3	138.65

4. Notes

(1) Significant changes in the scope of consolidation during the year ended March 31, 2025: 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)

Number of treasury shares at the end of the period

Average number of shares during the period

As of March 31, 2025	33,359,040 shares	As of March 31, 2024	33,359,040 shares
As of March 31, 2025	2,100,597 shares	As of March 31, 2024	1,634,972 shares
Year ended March 31, 2025	31,580,742 shares	Year ended March 31, 2024	31,705,927 shares

Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2025	57,867	6.0	5,171	138.6	5,869	12.1	3,577	−10.6
Year ended March 31, 2024	54,584	9.6	2,167	—	5,234	—	4,000	—

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2025	113.27	98.22
Year ended March 31, 2024	126.16	120.71

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	97,227	54,169	55.7	1,732.95
As of March 31, 2024	93,590	52,909	56.5	1,667.80

Reference: Equity: As of March 31, 2025: ¥54,169 million

As of March 31, 2024: ¥52,909 million

2. Forecast of non-consolidated financial results for the year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	24,500	2.7	(2,040)	—	(1,600)	—	10	—	0.32
Full year	56,900	−1.7	2,570	−50.3	3,350	−42.9	3,470	−3.0	110.86

Notes: 1. Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

2. Proper use of forecasts of financial results, and other special matters

(Cautions on forward-looking statements, etc.)

Forward-looking statements, including the earnings forecasts stated in this document, are based on information currently available to the Company and certain assumptions deemed reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual results may differ materially from the forecasts due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to “(4) Future outlook” in “1. Overview of Operating Results, Etc.,” on page 4 of the attached materials.

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1. Overview of Operating Results, Etc.

(1) Overview of operating results for the fiscal year ended March 31, 2025

During the fiscal year ended March 31, 2025, the Japanese economy maintained a moderate recovery trend amid improvement in the employment and personal income environment, growing inbound demand, and increased corporate capital investment. However, the outlook remained uncertain, partly due to the ongoing rise in prices and concerns over the impact of U.S. tariff policies.

In this economic environment, under the Management Vision to “Expand the market and consumption, with delivering health through mushrooms as our mission” and to “Balance profit generation and corporate social responsibility,” the Group carried out business activities primarily in the mushroom business to deliver deliciousness and health to more and more people through research and development, production, and sales of mushrooms, which are a health food.

As a result of the above, the operating results of the Group for the fiscal year ended March 31, 2025 were net sales of ¥83,104 million (up 4.6% year on year), operating profit of ¥6,628 million (up 108.4%), ordinary profit of ¥6,953 million (up 47.5%), and profit attributable to owners of parent of ¥4,441 million (up 26.0%).

Production output of the main mushroom varieties for the fiscal year ended March 31, 2025 (consolidated basis) consists of 46,728t of Bunashimeji, including Bunapi (down 1.9% year on year), 16,682t of Eryngii (down 1.0%), and 15,592t of Maitake (down 1.5%).

The overview of each segment for the fiscal year under review is as follows.

Mushroom business in Japan

Amid a significant rise in raw material prices, electricity costs, packing and packaging costs, personnel expenses, and other costs, the production division worked to reduce costs, performed even more thorough hygiene control, worked to improve quality and for stable cultivation, and produced mushrooms safely and securely.

The R&D division worked to increase product quality, develop new high value-added products and new varieties, and pursue the pharmacological effects and functionality of mushrooms.

The sales division advocated for “Kinkatsu through mushrooms” (the lifestyle habit of incorporating mushrooms into daily meals) with the three pillars of health, beauty, and sports in order to stimulate mushroom demand and carry out sales activities with a commitment to freshness. In terms of sales, many vegetables have been in short supply due to a lack of rain and cold conditions. This has kept vegetable prices at a high level, and prices for mushrooms have also remained firm. Note that domestic production output and sales volumes of Bunashimeji were down because of the fire that broke out at the Company’s Ueda First Mushroom Center in October 2024.

As a result, net sales for the mushroom business in Japan as a whole were ¥55,100 million (up 5.9% year on year) and segment profits were ¥6,994 million (up 78.8%).

Mushroom business outside Japan

At Hokto Kinoko Company, our U.S. subsidiary, both net sales and operating profit fell short of targets, partly due to a pullback in orders after prices were increased for all customers, but ongoing efforts to cultivate high margin business with new customers meant that operating profit improved significantly compared with the previous fiscal year. At Taiwan Hokuto Corporation, our subsidiary in Taiwan, both net sales and profits rose as a result of increased demand and high unit prices when a cold snap occurred during the peak demand season around winter and the Lunar New Year. At Hokto Malaysia Sdn. Bhd., our subsidiary in Malaysia, net sales were weak for most of the year. Although both net sales and operating profit improved year on year, they both fell short of targets.

As a result, net sales for the mushroom business outside Japan as a whole were ¥7,711 million (down 2.2% year on year) and segment profits were ¥1,156 million (up 34.9%).

Processed products business

The processed products business carried out sales of processed mushroom products (boiled or frozen) and worked to develop new products and open up new markets. Sales of products for restaurants, delicatessens and prepared meals were strong and popular mushroom-based menu items were taken up by convenience stores, leading to growth in sales volumes. In the mail-order businesses, health food-related products and retort pouch foods struggled, but sales of dried mushrooms were strong. Furthermore, at the subsidiary Arden Corporation, customer orders were patchy, but net sales and operating profit were generally in line with targets.

As a result, net sales for the processed products business were ¥8,158 million (up 8.8% year on year) and segment profits were ¥374 million (up 27.3%).

Chemical products business

In the packaging materials sector, with the increase in awareness of environmental issues, the chemical products business has worked on proposal-based marketing for environmental packaging materials, including recycled and plant-based products, and functional packaging materials for containers that help reduce food waste. In the industrial materials sector, there was a recovery in some sales, including to semiconductor and automotive-parts related manufacturers, but progress was still mixed overall. In the agricultural materials sector, sales of cultivation materials to mushroom producers were solid, but sales of agricultural machinery struggled. This business also focused on manufacturing and marketing of in-house products and achieved steady progress.

As a result, net sales for the chemical products business were ¥12,134 million (up 0.9% year on year) and segment profits were ¥337 million (up 68.9%).

(2) Overview of financial position for the fiscal year ended March 31, 2025

Assets

Current assets as of March 31, 2025 amounted to ¥38,621 million, up ¥7,395 million from the previous fiscal year end. This was due mainly to an increase of ¥6,989 million in securities. Non-current assets amounted to ¥68,998 million, down ¥3,280 million from the previous fiscal year end. This was due mainly to a decrease of ¥3,894 million in property, plant and equipment reflecting ongoing depreciation and other factors.

As a result, total assets amounted to ¥107,620 million, up ¥4,115 million from the previous fiscal year end.

Liabilities

Current liabilities as of March 31, 2025 amounted to ¥24,823 million, down ¥5,480 million from the previous fiscal year end. This was due mainly to a decrease of ¥4,986 million in short-term borrowings. Non-current liabilities amounted to ¥25,988 million, up ¥7,611 million from the previous fiscal year end. This was due mainly to the issue of ¥10,015 million in bonds with share acquisition rights and a decrease of ¥2,446 million in long-term borrowings.

As a result, total liabilities amounted to ¥50,811 million, up ¥2,131 million from the previous fiscal year end.

Net assets

Total net assets as of March 31, 2025 amounted to ¥56,808 million, up ¥1,983 million from the previous fiscal year end. This was due mainly to an increase of ¥2,850 million in retained earnings associated with the recording of ¥4,441 million in profit attributable to owners of parent and dividends paid of ¥1,590 million.

As a result, the equity ratio was 52.8% (53.0% at the end of the previous fiscal year).

(3) Overview of cash flows for the fiscal year ended March 31, 2025

Cash and cash equivalents (hereinafter referred to as “net cash”) as of March 31, 2025, increased by ¥1,431 million from the end of the previous fiscal year to ¥15,069 million.

The status of the various cash flows for the fiscal year ended March 31, 2025, and the reasons for the said status, are as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥12,222 million. This was mainly due to profit before income taxes of ¥6,031 million and depreciation of ¥5,563 million.

Cash flows from investing activities

Net cash used in investing activities was ¥9,012 million. This was due mainly to a net increase in securities of ¥4,994 million, a net increase in time deposits of ¥2,026 million, and purchase of property, plant and equipment of ¥1,655 million.

Cash flows from financing activities

Net cash used in financing activities was ¥1,721 million. This was mainly due to ¥10,019 million of proceeds from issuance of bonds, ¥6,000 million of repayments for short-term borrowings, and ¥5,168 million of repayments of long-term borrowings.

Reference: Changes in cash flow-related indicators

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2025
Equity ratio (%)	54.0	51.9	48.6	53.0	52.8
Market value-based equity ratio (%)	65.5	57.4	56.0	57.2	54.2
Cash flow to interest-bearing debt ratio (years)	2.1	4.6	6.5	3.9	1.9
Interest coverage ratio (times)	137.9	77.9	50.6	66.9	105.7

Equity ratio = Shareholder's equity / Total assets

Market value-based equity ratio = Market capitalization / Total assets

Cash flow to interest-bearing debt ratio = Interest bearing debt / Cash flow

Interest coverage ratio = Cash flow / Interest payments

Notes: 1. All are calculated based on consolidated financial figures.

2. Market capitalization is calculated based on the number of shares issued excluding treasury shares.

3. Operating cash flow is used as cash flow.

4. Interest-bearing debt covers all debts recorded on the consolidated balance sheet that are paying interest.

(4) Future outlook

As for the future economic situation in Japan, there are expectations for the gradual recovery trend to continue, driven by domestic demand and underpinned by various government policies. However, the situation is expected to remain uncertain due to soaring costs, worsening labor shortages, and rising prices caused by the impact of exchange rate fluctuations and conditions overseas. Given this environment, the Group will strengthen its management base and, as a leading company in the industry, will propose a new, healthy, and rich dietary culture to the people of the world. Furthermore, we will continue to engage in comprehensive research and development related to mushrooms and develop our corporate activities, aiming to meet the needs of society. In terms of specific measures, in the mushroom business in Japan, our core Group business, we will continue our efforts to reduce costs by improving the efficiency of production operations and optimizing procurement, while ensuring stable and continuous production of safe and secure mushrooms of better quality. For sales, we will strengthen our marketing activities and promote area and item strategies to drive sales growth and increase operating margins. We will also concentrate on the mushroom business outside Japan and the processed products business, which are focus areas for the Group. In addition, in the chemical products business, we will strive to improve profits and strengthen our own product divisions, while further enhancing our initiatives related to SDGs and contributing to society.

Based on the above, the consolidated financial results outlook for the fiscal year ending March 31, 2026 is net sales of ¥83,600 million, operating profit of ¥4,280 million, ordinary profit of ¥4,650 million, and profit attributable to owners of parent of ¥4,340 million.

2. Basic Approach to Selection of Accounting Standards

Taking into account the comparability of consolidated financial statements over the period and the comparability between companies, the Group intends, for the time being, to prepare consolidated financial statements based on Japanese accounting standards.

In the future however, we intend to consider the application of International Financial Reporting Standards based on changes to the ratio of foreign shareholders and the tendency toward applying international accounting standards in Japan.

3. Consolidated Financial Statements and Notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	14,924	16,323
Notes receivable - trade	404	314
Accounts receivable - trade	7,548	6,770
Securities	—	6,989
Merchandise and finished goods	2,254	2,221
Work in process	4,306	4,254
Raw materials and supplies	1,150	1,086
Other	675	668
Allowance for doubtful accounts	(39)	(7)
Total current assets	31,225	38,621
Non-current assets		
Property, plant and equipment		
Buildings and structures	72,663	72,019
Accumulated depreciation	(37,423)	(39,164)
Buildings and structures, net	35,240	32,855
Machinery, equipment and vehicles	69,569	70,088
Accumulated depreciation	(59,727)	(62,132)
Machinery, equipment and vehicles, net	9,841	7,955
Land	14,674	14,581
Construction in progress	173	691
Other	2,819	2,801
Accumulated depreciation	(2,056)	(2,089)
Other, net	762	712
Total property, plant and equipment	60,691	56,796
Intangible assets	171	136
Investments and other assets		
Investment securities	7,986	8,374
Deferred tax assets	670	653
Retirement benefit asset	1,581	1,773
Other	1,329	1,409
Allowance for doubtful accounts	(151)	(146)
Total investments and other assets	11,416	12,065
Total non-current assets	72,279	68,998
Total assets	103,505	107,620

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,134	1,730
Electronically recorded obligations - operating	3,842	4,087
Short-term borrowings	12,084	7,097
Current portion of long-term borrowings	5,083	3,282
Income taxes payable	926	1,542
Provision for bonuses	1,248	1,288
Provision for loss by fire	—	147
Other	4,985	5,647
Total current liabilities	30,304	24,823
Non-current liabilities		
Bonds with share acquisition rights	—	10,015
Long-term borrowings	15,118	12,672
Deferred tax liabilities	1,277	1,383
Retirement benefit liability	350	333
Asset retirement obligations	1,058	1,035
Provision for share awards for directors (and other officers)	84	78
Other	486	468
Total non-current liabilities	18,376	25,988
Total liabilities	48,680	50,811
Net assets		
Shareholders' equity		
Share capital	5,500	5,500
Capital surplus	5,728	5,727
Retained earnings	44,194	47,044
Treasury shares	(3,024)	(3,851)
Total shareholders' equity	52,397	54,420
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,675	2,768
Foreign currency translation adjustment	(500)	(732)
Remeasurements of defined benefit plans	251	352
Total accumulated other comprehensive income	2,427	2,387
Total net assets	54,824	56,808
Total liabilities and net assets	103,505	107,620

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

Consolidated statements of income

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Net sales	79,426	83,104
Cost of sales	59,637	59,344
Gross profit	19,789	23,760
Selling, general and administrative expenses	16,608	17,132
Operating profit	3,180	6,628
Non-operating income		
Interest income	77	89
Dividend income	183	199
Subsidy income	41	43
Rental income from land and buildings	120	112
Foreign exchange gains	1,227	—
Other	89	131
Total non-operating income	1,740	575
Non-operating expenses		
Interest expenses	132	122
Foreign exchange losses	—	47
Settlement payments	26	2
Depreciation	—	30
Other	47	47
Total non-operating expenses	206	251
Ordinary profit	4,715	6,953
Extraordinary income		
Gain on sale of non-current assets	7	1
Gain on sale of investment securities	—	0
Settlement income	299	—
Total extraordinary income	306	2
Extraordinary losses		
Loss on sale of non-current assets	—	2
Loss on retirement of non-current assets	2	42
Impairment loss	—	151
Loss on valuation of investment securities	1	2
Loss by fire	—	725
Total extraordinary losses	4	923
Profit before income taxes	5,017	6,031
Income taxes - current	1,127	1,595
Income taxes - deferred	363	(4)
Total income taxes	1,491	1,590
Profit	3,525	4,441
Profit attributable to owners of parent	3,525	4,441

Consolidated statements of comprehensive income

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Profit	3,525	4,441
Other comprehensive income		
Valuation difference on available-for-sale securities	1,322	92
Foreign currency translation adjustment	(142)	(232)
Remeasurements of defined benefit plans, net of tax	311	100
Total other comprehensive income	1,491	(39)
Comprehensive income	5,017	4,401
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,017	4,401
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of changes in equity
Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,500	5,728	41,943	(3,151)	50,020
Changes during period					
Dividends of surplus			(1,272)		(1,272)
Profit attributable to owners of parent			3,525		3,525
Change in scope of consolidation			(2)		(2)
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		0		127	127
Net changes in items other than shareholders' equity					
Total changes during period	-	0	2,250	126	2,377
Balance at end of period	5,500	5,728	44,194	(3,024)	52,397

	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	1,352	(357)	(59)	935	50,955
Changes during period					
Dividends of surplus					(1,272)
Profit attributable to owners of parent					3,525
Change in scope of consolidation					(2)
Purchase of treasury shares					(1)
Disposal of treasury shares					127
Net changes in items other than shareholders' equity	1,322	(142)	311	1,491	1,491
Total changes during period	1,322	(142)	311	1,491	3,868
Balance at end of period	2,675	(500)	251	2,427	54,824

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,500	5,728	44,194	(3,024)	52,397
Changes during period					
Dividends of surplus			(1,590)		(1,590)
Profit attributable to owners of parent			4,441		4,441
Purchase of treasury shares				(880)	(880)
Disposal of treasury shares		(0)		52	52
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	2,850	(827)	2,023
Balance at end of period	5,500	5,727	47,044	(3,851)	54,420

	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	2,675	(500)	251	2,427	54,824
Changes during period					
Dividends of surplus					(1,590)
Profit attributable to owners of parent					4,441
Purchase of treasury shares					(880)
Disposal of treasury shares					52
Net changes in items other than shareholders' equity	92	(232)	100	(39)	(39)
Total changes during period	92	(232)	100	(39)	1,983
Balance at end of period	2,768	(732)	352	2,387	56,808

(4) Consolidated statements of cash flows

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	5,017	6,031
Depreciation	6,180	5,563
Amortization of goodwill	9	—
Increase (decrease) in provision for bonuses	278	41
Decrease (increase) in retirement benefit asset	(17)	(60)
Increase (decrease) in retirement benefit liability	4	2
Interest and dividend income	(261)	(289)
Interest expenses	132	122
Insurance claim income	(6)	(3)
Impairment loss	—	151
Loss by fire	—	725
Settlement payments	26	2
Settlement income	(299)	—
Foreign exchange losses (gains)	(1,226)	44
Decrease (increase) in trade receivables	(1,628)	866
Decrease (increase) in inventories	393	(68)
Increase (decrease) in trade payables	(345)	(93)
Decrease (increase) in other current assets	(97)	31
Increase (decrease) in other current liabilities	78	0
Decrease (increase) in other non-current assets	120	20
Other	73	85
Subtotal	8,431	13,174
Interest and dividends received	261	284
Interest paid	(125)	(115)
Proceeds from insurance income	6	3
Income taxes paid	(471)	(975)
Settlement paid	(26)	(2)
Settlement received	299	—
Payments associated with loss by fire	—	(146)
Net cash provided by operating activities	8,375	12,222
Cash flows from investing activities		
Payments into time deposits	(616)	(5,649)
Proceeds from withdrawal of time deposits	3,422	3,623
Purchase of property, plant and equipment	(2,219)	(1,655)
Proceeds from sale of property, plant and equipment	274	8
Purchase of investment securities	(291)	(467)
Proceeds from sale of investment securities	257	262
Purchase of securities	—	(5,992)
Proceeds from redemption of securities	—	997
Proceeds from cancellation of insurance funds	372	92
Other payments	(166)	(243)
Other proceeds	13	10
Net cash provided by (used in) investing activities	1,046	(9,012)
Cash flows from financing activities		
Proceeds from short-term borrowings	11,000	1,000
Repayments of short-term borrowings	(6,017)	(6,000)
Proceeds from long-term borrowings	6,090	880
Repayments of long-term borrowings	(8,977)	(5,168)
Proceeds from issuance of bonds	—	10,019
Redemption of bonds	(9,717)	—
Purchase of treasury shares	(1)	(880)
Proceeds from sale of treasury shares	114	40
Dividends paid	(1,273)	(1,590)
Other payments	(6)	(21)
Net cash used in financing activities	(8,789)	(1,721)

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Effect of exchange rate change on cash and cash equivalents	334	(56)
Net increase (decrease) in cash and cash equivalents	967	1,431
Cash and cash equivalents at beginning of period	12,047	13,638
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	623	—
Cash and cash equivalents at end of period	13,638	15,069

(5) Notes to consolidated financial statements

Notes on assumptions for going concern

Not applicable.

Notes on changes in accounting policies

Application of Accounting Standard for Current Income Taxes, etc.

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the fiscal year ended March 31, 2025. Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022, the “Revised Application Guidance of 2022”). This change of accounting policy has no impact on the consolidated financial statements.

In addition, for revisions related to the review of the treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Company has applied the Revised Application Guidance of 2022 from the beginning of the fiscal year ended March 31, 2025. The change in the accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the consolidated financial statements for the previous fiscal year. This change of accounting policy has no impact on the consolidated financial statements for the previous fiscal year.

Additional information

Loss by fire

On October 29, 2024, a fire broke out at the Company’s Ueda First Mushroom Center (Ueda City, Nagano Prefecture), so during the fiscal year ended March 31, 2025, the Company recorded ¥725 million as an extraordinary loss by fire, including losses in non-current assets (production facilities, plant buildings) and inventories and repair costs.

Segment information, etc.

Segment information

1. Summary of reportable segments

The Group’s reportable segments are made available with separate financial information from among the Group’s organized units, and the Board of Directors periodically examines them in order to determine the allocation of management resources and evaluate performance.

The Group has four reportable segments: the Mushroom Business in Japan (centered on the submitting company), the Mushroom Business Outside Japan, the Processed Products Business, and the Chemical Products Business. The mushroom business in Japan produces and sells mushroom products, mainly Bunashimeji, Eryngii, and Maitake, in Japan, and the mushroom business outside Japan produces and sells mushroom products, mainly Bunashimeji, Eryngii, and Maitake, overseas. The processed products business produces and sells various retort pouch foods, such as processed foods, curries and soups made with mushrooms, and also sells supplements. The chemical products business produces and sells packaging materials and agricultural materials.

2. Calculating net sales, profits or losses, assets, liabilities and other items for each reportable segment

The method of accounting for the reported business segments is generally the same as described in the “Important matters that are the basis for preparing consolidated financial statements.”

Profit for the reportable segments is based on operating profit.

Internal revenues and money transfers between segments are based on current market prices.

3. Information on net sales, profits or losses, assets, liabilities and other items for each reportable segment
Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segments				Total	Adjustments (Note 1)	Amount recorded on consolidated financial statements (Note 2)
	Mushroom business in Japan	Mushroom business outside Japan	Processed products business	Chemical products business			
Net sales							
(1) Net sales from external customers	52,010	7,887	7,498	12,029	79,426	—	79,426
(2) Intersegment sales and transfers	35	—	—	1,104	1,139	(1,139)	—
Total	52,046	7,887	7,498	13,133	80,565	(1,139)	79,426
Segment profit	3,912	857	294	200	5,265	(2,084)	3,180
Segment assets	74,896	12,440	5,715	8,723	101,776	1,729	103,505
Segment liabilities	40,575	1,515	1,545	5,042	48,680	—	48,680
Other items							
Depreciation	5,053	533	178	356	6,122	58	6,180
Amortization of goodwill	—	—	9	—	9	—	9
Increase in property, plant and equipment and intangible assets (Note 3)	1,016	458	182	82	1,740	1	1,741

Notes: 1. Adjustments are as follows:

- (1) Adjustments for segment profit of ¥(2,084) million are Group-wide expenses of ¥(2,102) million not allocated to an individual reporting segment and elimination of internal transactions of ¥18 million. Group-wide expenses are mainly selling, general and administrative expenses that do not belong to any reportable segment.
 - (2) The segment asset adjustment amount of ¥1,729 million corresponds to Group-wide assets, etc. not allocated to an individual reportable segment. The main assets of the Group are assets related to the management division.
 - (3) The adjustment amount of ¥60 million for other items is the increase in Group-wide assets not allocated to an individual reportable segment and its depreciation. The main increase in Group-wide assets is assets related to Company management division that do not belong to any segment.
2. Segment profit is adjusted with operating profit on the consolidated financial statement.
 3. The increase in property, plant and equipment and intangible assets does not include the increase due to new consolidation.

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segments				Total	Adjustments (Note 1)	Amount recorded on consolidated financial statements (Note 2)
	Mushroom business in Japan	Mushroom business outside Japan	Processed products business	Chemical products business			
Net sales							
(1) Net sales from external customers	55,100	7,711	8,158	12,134	83,104	—	83,104
(2) Intersegment sales and transfers	67	—	—	1,280	1,347	(1,347)	—
Total	55,167	7,711	8,158	13,414	84,452	(1,347)	83,104
Segment profit	6,994	1,156	374	337	8,864	(2,235)	6,628
Segment assets	78,993	12,380	5,695	8,879	105,948	1,672	107,620
Segment liabilities	43,054	1,380	1,549	4,826	50,811	—	50,811
Other items							
Depreciation	4,537	483	187	266	5,475	57	5,533
Amortization of goodwill	—	—	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	1,610	209	358	36	2,215	0	2,216

Notes: 1. Adjustments are as follows:

- (1) Adjustments for segment profit of ¥(2,235) million are Group-wide expenses of ¥(2,243) million not allocated to an individual reporting segment and elimination of internal transactions of ¥7 million. Group-wide expenses are mainly selling, general and administrative expenses that do not belong to any reportable segment.
- (2) The segment asset adjustment amount of ¥1,672 million corresponds to Group-wide assets, etc. not allocated to an individual reportable segment. The main assets of the Group are assets related to the management division.
- (3) The adjustment amount of ¥58 million for other items is the increase in Group-wide assets not allocated to an individual reportable segment and its depreciation. The main increase in Group-wide assets is assets related to Company management division that do not belong to any segment.

2. Segment profit is adjusted with operating profit on the consolidated financial statement.

Related information

Fiscal year ended March 31, 2024

1. Information by product and service

Not stated as similar information is disclosed in segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Asia	North America	Other	Total
71,216	3,659	4,522	27	79,426

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	North America	Other	Total
52,177	3,774	4,739	—	60,691

3. Information by major customer

Not stated as there is no other party of the net sales from external customers that accounts for 10% or more of net sales on the consolidated income statement.

Fiscal year ended March 31, 2025

1. Information by product and service

Not stated as similar information is disclosed in segment information.

2. Information by region

(1) Net sales

Not stated as net sales from external customers in Japan exceed 90% of net sales on the consolidated income statement.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	North America	Other	Total
48,729	3,493	4,573	—	56,796

3. Information by major customer

Not stated as there is no other party of the net sales from external customers that accounts for 10% or more of net sales on the consolidated income statement.

Information on impairment losses on non-current assets by reportable segment

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

(Millions of yen)

	Mushroom business in Japan	Mushroom business outside Japan	Processed products business	Chemical products business	Eliminations and corporate	Total
Impairment loss	151	—	—	—	—	151

Information on amortization of goodwill and unamortized balance by reportable segment

Fiscal year ended March 31, 2024

(Millions of yen)

	Mushroom business in Japan	Mushroom business outside Japan	Processed products business	Chemical products business	Eliminations and corporate	Total
Amortization amount	—	—	9	—	—	9
Balance at end of period	—	—	—	—	—	—

Fiscal year ended March 31, 2025

Not applicable.

Information on gain on bargain purchase by reportable segment

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

Not applicable.

Notes on per share information

Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
Net assets per share	¥1,728.17	Net assets per share	¥1,817.38
Earnings per share	¥111.19	Earnings per share	¥140.63
Diluted earnings per share	¥106.38	Diluted earnings per share	¥121.97

Notes: 1. Company shares held by the Board Incentive Plan Trust (BIP Trust) and in the employee stock ownership plan (ESOP) are included in treasury shares deducted from the total number of issued shares at the end of the fiscal year based on the calculation of the net assets per share (BIP Trust: 83,000 shares in the fiscal year ended March 31, 2025, and 83,000 shares in the previous fiscal year; ESOP: 472,000 shares in the fiscal year ended March 31, 2025, and 0 shares in the previous fiscal year). They are also included in treasury shares deducted in the calculation of the average number of shares during the period based on the calculation of basic earnings per share and diluted earnings per share (BIP Trust: 83,000 shares in the fiscal year ended March 31, 2025, and 85,000 shares in the previous fiscal year; ESOP: 143,000 shares in the fiscal year ended March 31, 2025, and 15,000 shares in the previous fiscal year).

2. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	3,525	4,441
Amount not attributable to ordinary shareholders (Millions of yen)	—	—
Profit attributable to owners of parent pertaining to common shares (Millions of yen)	3,525	4,441
Average number of shares during the period (Thousands of shares)	31,705	31,580
Diluted earnings per share		
Adjustment of profit attributable to owners of parent (Millions of yen)	—	(2)
[Interest income (after deduction of the tax equivalent) (Millions of yen)]	—	[(2)]
Increase in common shares (Thousands of shares)	1,432	4,807
[Of which are convertible bonds with share acquisition rights (Thousands of shares)]	[1,432]	[4,807]
Summary of diluted shares not included in calculation of diluted earnings per share because they do not have a dilutive effect	—	—

Notes on significant subsequent events

Not applicable.