

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 15, 2020

Company name: HOKUTO CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 1379 URL <http://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 26, 2020
 Scheduled date to file Securities Report: June 26, 2020
 Scheduled date to commence dividend payments: June 29, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	71,220	1.5	3,923	6.5	4,187	(9.2)	1,531	(52.0)
Year ended March 31, 2019	70,183	4.9	3,682	15.7	4,610	14.3	3,188	31.8

	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, 2020	48.59	42.19	3.0	4.1	5.5
Year ended March 31, 2019	99.87	90.48	6.1	4.5	5.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	100,602	50,545	50.2	1,616.78
As of March 31, 2019	103,606	52,030	50.2	1,642.24

(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, 2020	10,778	(2,896)	(4,837)	11,400
Year ended March 31, 2019	9,572	(10,305)	1,194	8,329

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, 2019	—	10.00	—	50.00	60.00	1,903	60.1	3.7
Year ended March 31, 2020	—	10.00	—	50.00	60.00	1,879	123.5	3.7
Year ending March 31, 2021 (Forecast)	—	10.00	—	50.00	60.00		—	

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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, 2020	32,200	0.2	(1,020)	—	(940)	—	(740)	—	(23.66)
Full year	72,800	2.2	4,340	10.6	4,510	7.7	2,740	78.9	87.55

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(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, 2020	33,359,040 shares	As of March 31, 2019	33,359,040 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2020	2,096,197 shares	As of March 31, 2019	1,676,250 shares
----------------------	------------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2020	31,522,370 shares	Year ended March 31, 2019	31,929,708 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	9,055	12,178
Notes and accounts receivable - trade	6,804	5,798
Merchandise and finished goods	1,677	1,823
Work in process	3,665	3,643
Raw materials and supplies	710	688
Other	587	1,122
Allowance for doubtful accounts	(29)	(43)
Total current assets	22,470	25,212
Non-current assets		
Property, plant and equipment		
Buildings and structures	64,413	63,960
Accumulated depreciation	(26,803)	(28,633)
Buildings and structures, net	37,610	35,327
Machinery, equipment and vehicles	56,235	57,268
Accumulated depreciation	(36,415)	(40,373)
Machinery, equipment and vehicles, net	19,819	16,894
Land	13,989	13,854
Construction in progress	489	724
Other	2,204	2,312
Accumulated depreciation	(1,747)	(1,841)
Other, net	457	470
Total property, plant and equipment	72,365	67,271
Intangible assets		
Goodwill	222	188
Other	141	115
Total intangible assets	363	304
Investments and other assets		
Investment securities	6,202	5,794
Deferred tax assets	429	336
Retirement benefit asset	867	570
Other	927	1,132
Allowance for doubtful accounts	(19)	(20)
Total investments and other assets	8,406	7,814
Total non-current assets	81,136	75,389
Total assets	103,606	100,602

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,239	5,873
Short-term borrowings	10,923	4,437
Current portion of long-term borrowings	1,043	4,234
Income taxes payable	1,551	1,240
Provision for bonuses	1,079	1,094
Provision for loss on disaster	–	1,407
Other	4,428	4,297
Total current liabilities	25,265	22,585
Non-current liabilities		
Long-term borrowings	15,494	16,680
Bonds with share acquisition rights	9,983	9,982
Deferred tax liabilities	167	51
Retirement benefit liability	344	356
Asset retirement obligations	190	194
Other	130	206
Total non-current liabilities	26,309	27,471
Total liabilities	51,575	50,056
Net assets		
Shareholders' equity		
Share capital	5,500	5,500
Capital surplus	5,697	5,697
Retained earnings	43,529	43,130
Treasury shares	(3,096)	(3,925)
Total shareholders' equity	51,630	50,402
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,255	1,143
Foreign currency translation adjustment	(537)	(498)
Remeasurements of defined benefit plans	(317)	(502)
Total accumulated other comprehensive income	400	142
Total net assets	52,030	50,545
Total liabilities and net assets	103,606	100,602

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	70,183	71,220
Cost of sales	51,045	51,255
Gross profit	19,138	19,965
Selling, general and administrative expenses	15,456	16,041
Operating profit	3,682	3,923
Non-operating income		
Interest income	10	13
Dividend income	135	138
Subsidy income	475	313
Rental income from land and buildings	119	99
Foreign exchange gains	252	—
Other	58	59
Total non-operating income	1,052	624
Non-operating expenses		
Interest expenses	106	90
Foreign exchange losses	—	258
Other	18	10
Total non-operating expenses	124	360
Ordinary profit	4,610	4,187
Extraordinary income		
Gain on sales of non-current assets	123	12
Insurance claim income	5	1,237
Subsidy income	—	616
Other	0	0
Total extraordinary income	128	1,867
Extraordinary losses		
Loss on disaster	190	2,806
Impairment loss	—	235
Other	0	108
Total extraordinary losses	190	3,150
Profit before income taxes	4,548	2,904
Income taxes - current	1,527	1,268
Income taxes - deferred	(168)	104
Total income taxes	1,359	1,372
Profit	3,188	1,531
Profit attributable to owners of parent	3,188	1,531

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	3,188	1,531
Other comprehensive income		
Valuation difference on available-for-sale securities	(573)	(111)
Foreign currency translation adjustment	(102)	39
Remeasurements of defined benefit plans, net of tax	(12)	(184)
Total other comprehensive income	(689)	(257)
Comprehensive income	2,499	1,274
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,499	1,274
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,500	5,695	42,326	(2,111)	51,411
Changes during period					
Dividends of surplus			(1,928)		(1,928)
Profit attributable to owners of parent			3,188		3,188
Change in scope of consolidation			(56)		(56)
Purchase of treasury shares				(1,000)	(1,000)
Disposal of treasury shares		1		15	17
Net changes in items other than shareholders' equity					
Total changes during period	—	1	1,202	(985)	219
Balance at end of period	5,500	5,697	43,529	(3,096)	51,630

	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	1,829	(434)	(305)	1,089	52,500
Changes during period					
Dividends of surplus					(1,928)
Profit attributable to owners of parent					3,188
Change in scope of consolidation					(56)
Purchase of treasury shares					(1,000)
Disposal of treasury shares					17
Net changes in items other than shareholders' equity	(573)	(102)	(12)	(689)	(689)
Total changes during period	(573)	(102)	(12)	(689)	(469)
Balance at end of period	1,255	(537)	(317)	400	52,030

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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	4,548	2,904
Depreciation	7,110	7,075
Amortization of goodwill	167	134
Increase (decrease) in provision for bonuses	35	14
Decrease (increase) in retirement benefit asset	(6)	31
Increase (decrease) in retirement benefit liability	18	11
Interest and dividend income	(146)	(151)
Interest expenses	106	90
Insurance claim income	(5)	(1,237)
Subsidy income	—	(616)
Impairment loss	—	235
Loss on disaster	80	2,502
Foreign exchange losses (gains)	(249)	258
Decrease (increase) in trade receivables	16	1,023
Decrease (increase) in inventories	(279)	(66)
Increase (decrease) in trade payables	369	(631)
Decrease (increase) in other current assets	(146)	92
Increase (decrease) in other current liabilities	(475)	126
Other, net	(94)	45
Subtotal	11,048	11,844
Interest and dividends received	146	151
Interest paid	(102)	(87)
Proceeds from insurance income	12	1,237
Payments associated with disaster loss	(80)	(788)
Income taxes paid	(1,451)	(1,579)
Net cash provided by (used in) operating activities	9,572	10,778
Cash flows from investing activities		
Payments into time deposits	(25)	(118)
Proceeds from withdrawal of time deposits	21	61
Purchase of property, plant and equipment	(10,297)	(2,726)
Proceeds from sales of property, plant and equipment	216	62
Purchase of investment securities	(243)	(360)
Proceeds from sales of investment securities	285	358
Other payments	(267)	(182)
Other proceeds	5	7
Net cash provided by (used in) investing activities	(10,305)	(2,896)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Proceeds from short-term borrowings	6,000	4,520
Repayments of short-term borrowings	(15,787)	(11,000)
Proceeds from long-term borrowings	5,000	5,730
Repayments of long-term borrowings	(1,074)	(1,357)
Proceeds from issuance of bonds	9,984	—
Purchase of treasury shares	(1,000)	(876)
Proceeds from sales of treasury shares	—	46
Dividends paid	(1,928)	(1,900)
Net cash provided by (used in) financing activities	1,194	(4,837)
Effect of exchange rate change on cash and cash equivalents	37	(31)
Net increase (decrease) in cash and cash equivalents	498	3,012
Cash and cash equivalents at beginning of period	7,788	8,329
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	42	59
Cash and cash equivalents at end of period	8,329	11,400