Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Summary for the Fiscal Year Ended March 31, 2021 [IFRS]

May 12, 2021

Company name:	YUKIGUNI MAITAKE CO., LTD.
Listing:	Tokyo Stock Exchange
Securities Code:	1375
URL:	https://www.maitake.co.jp/
Representative:	Iwao Ashikaga, President and CEO, Representative Director
Inquiries:	Takenori Sakurai, Executive Officer (Chief Financial Officer)
Telephone:	+81-25-778-0162
Scheduled date of annual general meeting of shareholders:	June 23, 2021
Scheduled date to commence dividends payment:	June 24, 2021
Scheduled date to file annual securities report:	June 24, 2021
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Yen amounts are rounded down to millions, unless otherwise noted.)

(1) Consolidated Operating Results (Cumulative) (Percentages indicate year-on-year changes.)

	Total income		Operating profit		Profit before tax		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	51,380	1.2	7,823	16.9	7,125	7.2	4,740	9.1
March 31, 2020	50,759	6.7	6,691	3.1	6,646	5.1	4,344	-0.8

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Fiscal year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
March 31, 2021	4,744	9.2	4,855	13.7	119.03	119.00
March 31, 2020	4,346	-1.0	4,270	-2.5	109.07	108.98

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to total income
Fiscal year ended	%	%	%
March 31, 2021	67.1	20.1	15.2
March 31, 2020	120.6	18.1	13.2

(Note) Effective July 30, 2020, YUKIGUNI MAITAKE CO., LTD. (hereinafter "the Company") split the shares of its common stock on a 100-for-1 basis. Basic earnings per share and diluted earnings per share have been restated, as appropriate, on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(Reference)

	Adjusted operating profit		Adjusted EBITDA		Adjusted profit		Adjusted basic earnings per share	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	%
March 31, 2021	8,090	17.3	10,070	16.1	5,218	21.9	130.93	21.8
March 31, 2020	6,899	–	8,672	–	4,282	–	107.46	–

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	35,644	9,230	9,233	25.9	231.34
As of March 31, 2020	35,199	4,901	4,899	13.9	122.96

(Note) Effective July 30, 2020, the Company split the shares of its common stock on a 100-for-1 basis. Equity attributable to owners of parent per share have been restated, as appropriate, on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2021	8,204	-3,689	-5,198	3,777
March 31, 2020	4,891	-1,994	-5,053	4,461

2. Cash Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2020	–	0.00	4,230.00	0.00	4,230.00	1,685	38.8	46.8
March 31, 2021	–	14.00	–	28.00	42.00	1,675	35.3	23.7
Fiscal year ending March 31, 2022 (Forecast)	–	14.00	–	28.00	42.00		36.6	

(Notes) 1. Revisions from dividends forecasts announced most recently: None

2. Effective July 30, 2020, the Company split the shares of its common stock on a 100-for-1 basis. The amount of dividend per share approved for the fiscal year ended March 31, 2020 has not been adjusted to reflect such share split.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes)

	Total income		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	51,553	0.3	7,434	-5.0	6,982	-2.0	4,581	-3.3	4,581	-3.4	114.80

(Notes) 1. Revisions from financial results forecasts announced most recently: None

2. Basic earnings per share have been restated, as appropriate, to reflect a 100-for-1 stock split effect on July 30, 2020.

(Reference)

	Adjusted operating profit		Adjusted EBITDA		Adjusted profit		Adjusted basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	7,434	-8.1	9,388	-6.8	4,749	-9.0	119.01

* Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries accompanied by a change in the scope of consolidation): None

(2) Changes in accounting policies and changes of accounting assumptions

(i) Changes in accounting policies as required by IFRS: None
(ii) Changes in accounting policies other than (i): None
(iii) Changes in accounting assumptions: None

(3) Number of shares outstanding (common stock)

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

As of March 31, 2021	39,910,700 shares
As of March 31, 2020	39,850,000 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2021	– shares
As of March 31, 2020	– shares

(iii) Average number of shares during the period

Fiscal year ended March 31, 2021	39,856,589 shares
Fiscal year ended March 31, 2020	39,850,000 shares

(Note) Effective July 30, 2020, the Company split the shares of its common stock on a 100-for-1 basis. The number of shares issued has been restated, as appropriate, to reflect a 100-for-1 stock split effect on July 30, 2020.

* Summaries of consolidated financial statements are not subject to reviews conducted by certified public accountants or audit firms.

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	32,013	-	6,277	-	5,618	-	8,911	-
March 31, 2020	-	-	-16	-	-16	-	-17	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2021	223.60	223.54
March 31, 2020	-0.43	-

(Note) Effective July 30, 2020, the Company split the shares of its common stock on a 100-for-1 basis. Basic earnings per share and Diluted earnings per share have been restated, as appropriate, on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	51,822	25,953	50.1	650.29
March 31, 2020	17,568	17,556	99.9	440.56

Reference: Equity
As of March 31, 2021: ¥25,951 million
As of March 31, 2020: ¥17,546 million

(Note) Effective July 30, 2020, the Company split the shares of its common stock on a 100-for-1 basis. Net assets per share have been restated, as appropriate, on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* Financial results reports are exempt from audit conducted by certified public accountants or audit firms.

* Notes regarding proper use of forecasts of financial results, and other special comments

(Caution concerning forward-looking statements)

The forward-looking statements, such as forecasts of financial results, included in this document are based on information available to the management as of the date of the document and certain assumptions that the management considers reasonable. The Company does not promise that forecasts will be achieved. Actual results may differ significantly due to a range of factors.

(Other special comments)

(1) The Company and its consolidated subsidiaries (together, "the Group") apply the International Financial Reporting Standards (hereinafter "IFRS") to and after the fiscal year ended March 31, 2020.

(2) Adjusted operating profit = Operating profit + Management fee + Listing-related expenses

(3) Adjusted EBITDA = Adjusted operating profit + Depreciation + Amortization

(4) Adjusted profit for the period or year = Profit for the period or year + Management fee + Listing-related expenses + Refinancing-related gains/losses + Tax adjustments

(5) In (2) and (4), "Listing-related expenses" are temporary costs including listing preparation advisory costs, costs related to building an organizational structure for listing, costs related to the introduction of IFRS and timely disclosure system for listing, real estate registration costs associated with a merger, etc. "Refinancing-related gains / losses" are advisory expenses that were temporarily incurred in connection with refinancing carried out after the Company was closed to the public. These expenses are offset by temporary gains that were incurred due to the decline in contract interest rates associated with the refinancing and the increase in interest expense during the remaining contract period that occurs in conjunction with the refinancing.

(6) Adjusted basic earnings per share = Adjusted profit for the period or year/Average number of shares during the period or year

(7) Adjusted operating profit, Adjusted EBITDA, Adjusted profit for the period or year and Adjusted basic earnings per share are not indicators defined by IFRS, but the Group assumes these indicators are useful for investors to evaluate the Group's performance. These financial indicators exclude some expenses and non-recurring gains / losses that are not expected to occur after listing. Adjusted Operating Profit, Adjusted EBITDA, Adjusted profit for the period or year and Adjusted basic earnings per share should not be considered as indicators to replace the other indicators shown in accordance with IFRS because they do not include some of the items that affect the profit for the period, so they are subject to significant restrictions as means of analysis. Adjusted Operating Profit, Adjusted EBITDA, Adjusted profit for the period or year and Adjusted basic earnings per share disclosed by the Group may be less useful in comparison with the same or similar indicators of other competitors because they are calculated according to a different method from that of such other companies.

(How to obtain supplementary financial results briefing materials and financial results briefing details)

Supplementary financial results briefing materials are disclosed on TDnet and posted on our website on May 12, 2021.

Accompanying Materials – Contents

I. Qualitative Information for the Fiscal Year Ended March 31, 2021……2

1. Analysis of Operating Results…… 2

2. Analysis of Financial Position……4

3. Analysis of Cash flows ……4

4. Explanations about Forward-Looking Information Including Forecast of Consolidated Financial Results……5

II. Basic Policy Regarding Selection of Accounting Standards……7

III. Consolidated Financial Statements and Significant Notes……7

1. Consolidated Statements of Financial Position……7

2. Consolidated Statements of Income and Comprehensive Income …… 8

3. Consolidated Statement of Changes in Equity……11

4. Consolidated Statements of Cash Flows……12

5. Notes to Consolidated Financial Statements……13

(Going Concern Assumptions) ……13

(Segment Information) ……13

(Earnings per Share) ……15

(Significant Subsequent Events) ……15

I. Qualitative Information for the Fiscal Year Ended March 31, 2021

1. Analysis of Operating Results

The current Consolidated Fiscal Year (April 1, 2020 to March 31, 2021), the domestic economy remained in a very difficult situation due to the stagnation of economic activity caused by the spread of the COVID-19 infection. Japanese economy has been battering due to the rapid re-expansion of the COVID-19 infection; nevertheless, there were signs of economic recovery.

In the domestic mushroom market, the mushroom consumption remained strong due to an increase in cooking opportunities at home by refraining from going out and an increase in demand for functional foods attributable to heightened health awareness. On the other hand, the outlook is more difficult in the environment which has many fluctuation factors such as decrease in the visiting frequency to the retail stores, decrease in the use of food service industry due to the spread of the COVID-19 infection and sluggish vegetable market by excessive vegetable production and supply due to favorable growth.

In such an environment, based on the medium-term business plan, the Group is trying to establish its foundation as a comprehensive manufacturer of premium mushrooms by utilizing the production technology, know-how, and salesforce that we have cultivated over many years. In addition, by developing and promoting the functionalities of mushrooms, mainly maitake, we contribute to the health of consumers by providing safe and reliable products, and develop our business to contribute to the realization of a healthy society as well.

As a result of the above, total income for the fiscal year ended March 31, 2021 was ¥51,380 million (+1.2% year-on-year), of which revenue was ¥34,543 million (+0.1% year-on-year), operating profit was ¥7,823 million (+16.9% year-on-year) and profit attributable to owners of parent was ¥4,744 million (+9.2% year-on-year). In the current consolidated cumulative period, gains arising from changes in fair value related to the application of IFRS Agricultural Accounting (IAS 41) were included in total income of ¥16,837 million and the cost of sales of ¥17,023 million.

[Business results for the fiscal year ended March 31, 2021]

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	% Change year-on-year
Revenue	34,517	34,543	0.1
Gains arising from changes in fair value	16,242	16,837	3.7
Total income	50,759	51,380	1.2
Operating profit	6,691	7,823	16.9
Profit before tax	6,646	7,125	7.2
Profit (attributable to owners of parent)	4,346	4,744	9.2

The status of revenue by business segment during the current consolidated fiscal year is as follows.

[Mushroom business]

1) Maitake

On top of promoting the functionalities of maitake, we have actively promoting menus, called "Maitashi campaign" which recommends adding Maitake to a meal menu in order to eat Maitake as easy as other vegetables and also developed a product strategy utilizing extensive product lineup to meet the demands of customers through our strength which we can cut a large clump maitake to various sizes. As a result, revenue from the maitake business was ¥19,966 million (+0.9% year-on-year).

2) Eringi

In addition to achieving a stable supply by improving production quality, we have expanded our product lineup by introducing highly convenient sliced products that consumers can use immediately without any hassle. In the current consolidated cumulative period, the sales volume of eringi was slightly lower than the previous year, but the unit price of eringi was higher than that of the previous year. As a result, revenue from the eringi business was ¥3,419 million (−0.2% year-on-year).

3) Buna-shimeji

While paying close attention to the fruit and vegetable market and market trends, we implemented flexible product launches by utilizing products with different quantities, such as 1-clump products and 2-clump products, according to the balance between supply and demand. Recently, we have expanded the number of 1-clump products by utilizing the product development in the autumn limited package. In the current consolidated cumulative period, the sales volume of Buna-shimeji was slightly lower than that of the previous year, but the unit price of Buna-shimeji was higher than that of the previous year. As a result, revenue from the buna-shimeji business was ¥6,818 million (+1.8% year-on-year).

4) Other mushrooms

Mitsukura Norin Co., Ltd., which was acquired in October 2019, contributed to the increase in sales. It also led to the expansion of the sales network by utilizing our sales force. As a result, revenue from the other mushrooms business segment was ¥3,791 million (+39.7% year-on-year).

[Other]

Revenue from the "other" business segment was ¥547 million (−71.1% year-on-year) due to the impact of the closures of the unprofitable business of the cut vegetables and natto business in February 2020.

Revenue by business segment is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	% Change year-on-year
Mushroom business	32,625	33,995	4.2
Maitake	19,785	19,966	0.9
Eringi	3,426	3,419	−0.2
Buna-shimeji	6,700	6,818	1.8
Other mushrooms	2,713	3,791	39.7
Other	1,892	547	−71.1
Total Revenue	34,517	34,543	0.1

2. Analysis of Financial Position

[Assets]

Total assets at the end of the current consolidated fiscal year (as of March 31, 2021) were ¥35,644 million (+¥444 million from the end of the previous consolidated fiscal year). Current assets were ¥10,202million (−¥842 million from the end of the previous consolidated fiscal year) mainly due to the following factors. Cash and cash equivalents decreased by ¥683 million due to contract repayment and prepayment of borrowings and trade and Other receivables decreased by ¥119 million and Biological assets decreased by ¥114 million due to gains arising from changes in fair value. Non-current assets were ¥25,441 million (+¥1,287 million from the end of the previous consolidated fiscal year). This was mainly due to an increase of ¥1,321 million in property, plant and equipment due to facility expansion and renewal related to increased production of maitake.

[Liabilities]

Total liabilities at the end of the current consolidated fiscal year were ¥26,413 million (−¥3,884 million from the end of the previous consolidated fiscal year). Current liabilities were ¥7,614 million (+¥334 million from the end of the previous consolidated fiscal year). This was mainly due to an increase of ¥244 million from Income taxes payable, ¥190 million from Current portion of long-term borrowings. On the other hand, a decrease of ¥419 million in trade payables and other payables. Non-current liabilities were ¥18,798 million (−¥4,218 million from the end of the previous consolidated fiscal year). This was mainly due to a decrease of ¥4,086 million in borrowings due to contract repayments and pre-deadline repayments.

[Equity]

Total equity at the end of the current consolidated fiscal year was ¥9,230 million (+¥4,239 million from the end of the previous consolidated fiscal year) mainly due to profit attributable to owners of parent of ¥4,288 million was recorded due to the favorable business performance.

3. Analysis of Cash Flows

The balance of cash and cash equivalents at the end of the current consolidated fiscal year decreased by ¥683 million from the end of the previous consolidated fiscal year to ¥3,777 million. The status of each cash flow and their factors are as follows:

[Net cash flows from operating activities]

The amount of funds acquired as a result of operating activities was ¥8,204 million (the amount acquired was ¥4,891 million in the same period of the previous year) mainly due to the following factors. Profit before tax of ¥7,125 million, depreciation and amortization of ¥1,979 million, and interest expenses of ¥472 million were recorded, while payment of income tax was ¥2,347 million.

[Net cash flows from investing activities]

Funds used as a result of investment activities were ¥3,689 million (the amount used was ¥1,994 million in the same period of the previous year). This was mainly due to the expenditure of ¥3,726 million for acquisition of tangible fixed assets due to facility expansion and renewal related to the increase in maitake production.

[Net cash flows from financing activities]

Funds used as a result of financing activities amounted to ¥5,198 million (the amount used was ¥5,053 million in the same period of the previous year). This was mainly due to expenditures of ¥4,462 million for repayment of long-term borrowings by contract repayments and pre-deadline repayments and ¥554 million for dividend payments.

4. Explanations about Forward-Looking Information Including Forecast of Consolidated Financial Results

1) Forward-Looking Information of Our Corporate Group

The economic environment and consumption trends are changing drastically due to the spread of the COVID-19 infection worldwide. Stay-at-home demand for prevention of the COVID-19 infection had been a tailwind for the Group during the current Consolidated Fiscal Year. However, consumers have kept saving money and taken passive purchase attitude recently caused by a prolonged state of emergency of COVID-19 due to the spread of new variant of coronavirus. We concerned that the continuation of saving trend and the frequency decrease of visits to retail stores refraining from going out will continue. In addition, we suppose that raw materials and freight prices will continue to rise since oil prices, which were lower than expected for the fiscal year ended March 2021, are also rising now.

In such an environment, based on the medium-term business plan, the Group is trying to expand business scale by demand creation focusing on Maitake which is our main product, filling the regional and seasonal gap of consumption, expanding sales into food service industry both restaurants and prepared food and the reinforcement of capacity of production. We are providing safe and reliable products since the base of the market is steadily expanding. The Group will keep trying to contribute towards enrichment of citizen's livelihood and the prosperity of food culture through promoting the health functionalities of mushrooms, mainly maitake for the realization of a healthy society as well.

As a result of the above, for the forecast of the consolidated fiscal year ended March 31, 2022, total income is ¥51,553 million (+0.3% year-on-year), operating profit is ¥7,434 million (−0.5% year-on-year), profit before tax is ¥6,982 million (−2.0% year-on-year), profit attributable to owners of parent is ¥4,581million (−3.4% year-on-year).

2) Total Income

Revenue, gains arising from changes in fair value* and total income, which is summed up, are based on the recent situations, the market trend and forecast regarding the effect of the measures of the Group.

* "Gains arising from changes in fair value" recognizes the value in producing the process, which is "Biological assets", among mushroom products. Profit or loss in this fair value is included in "gains arising from changes in fair value". Gains arising from changes in fair value is included in total income, which is included in the production for the current period, and cost of sales, which is included in the sales for the current period. These figures are affected by fluctuations in production volume, sales volume, and sales price. Pursuant to applying international accounting standards, total income is recorded the sum of regular revenue and accrued profit, and accordingly, the cost of sales is recorded the sum of regular cost of sales and accrued profit.

i) Maitake

People's interest in the health enhancement effect of Maitake mushrooms have been growing affected by the expansion of health demand over the recent years. The Group will continue to work on the "Academic x Media Approach" of building health evidence and health contents through joint research with experts and actively disseminating information by strengthening media publicity. In addition, we are trying to increase sales by expanding the sales area such as developing new major mass retailers and creating demand in spring and summer utilizing the network of the parent company Shinmei Holdings Co., Ltd. At the same time, in order to meet such new demand for Maitake, we will strengthen the production system and the supply capacity of our product through the extension and renovation of existing plant. As a result, the sales volume is expected to increase by 5.2% from the current consolidated fiscal year. In addition, the unit price is expected to be slightly lower from spring to summer due to the prolonged state of emergency of COVID-19. Based on the above, revenue is expected to be ¥20,824 million (+4.3%).

ii) Eringi

We will continue to pursue our existing product and sales strategies of Eringi, such as developing highly convenient sliced products. Based on the current market trends, we expect the sales volume increase by 1.8% and the unit sales price to be slightly lower than the current consolidated fiscal year. As a result, revenue from the Eringi business is expected to be ¥3,366 million (−1.5%).

iii) Buna-shimeji

Considering the current market trends, the sales volume of Buna-shimeji is expected to slightly decrease by 0.7% from the current consolidated fiscal year, and the unit sales price is also expected to be slightly lower than the level of the current consolidated fiscal year. As a result, revenue from the Buna-shimeji business is expected to be ¥6,516 million (−4.4%).

iv) Other mushrooms

Hon-shimeji and Hatake-shimeji are mainly produced and sold by Mizuho Norin Co., Ltd., which was acquired in March 2018, and Button mushrooms are produced and sold by Mitsukura Norin Co., Ltd., which was acquired in October 2019. In order to improve product quality and stabilize production quantity, introduce our production and management methods to these subsidiaries. Furthermore, we aim for sales growth by enforcement of sales activities in cooperation with the Group. Revenue is expected to be ¥4,151 million (+9.5%)

As a result, the forecast of revenue is ¥35,376 million (+2.4% year-on-year), gains arising from changes in fair value related to the application of IFRS Agricultural Accounting (IAS 41) are included in the total income of ¥16,176 million (−3.9% year-on-year) and the total income which is summed those up is ¥51,553 million (+0.3% year-on-year).

3. Cost of Sales and Gross Profit

Cost of sales is estimated in consideration of production plans, sales plans, staffing plans, material price trend, and capital investment plans. We prospect utility costs increase since oil price, which were low in the fiscal year ended March 2021, is rising now.

On the other hand, in the Maitake business, we will carry out increasing the unit weight and reducing the number of cultivation days, improvement of production efficiency by automating the inoculation and packaging process, improving the packaging materials, reusing raw materials, and also, we will improve production process continuously in the Eringi and Buna-shimeji business.

Accordingly, “costs such as material and labor” which are cost of sales of the Group that does not include gains arising from changes in fair value related to the application of IFRS Agricultural Accounting (IAS 41) is amounted to ¥19,132 million (+6.0% from the current consolidated fiscal year), the gains arising from changes in fair value related to the application of IFRS Agricultural Accounting (IAS 41) is ¥16,109 million (−5.4% year-on-year).

As a result, cost of sales is expected to be ¥35,241 million (+0.5% year-on-year) and the gross profit is expected to be ¥16,311 million (+0.1% year-on-year).

4. Selling, General and Administrative Expenses, Other Income/Expenses and Operating Profit

For the fiscal year ending March 2022, since we anticipate mitigation of the spread of COVID-19, we expect increase of sales promotion in stores, business trip, labor cost, and other research and development cost in consideration of current trends and actual results. Selling, general and administrative expenses are expected to be ¥8,796 million (+6.1% from the current consolidated fiscal year), operating profit is ¥7,434 million (−5.0%)

5. Finance Income/Expenses, Profit before Tax, Profit, Profit Attributable to Owners of Parent

Regarding the financial balance, related profits and losses are calculated based on the planned values for the balance of financial assets and borrowings.

Based on the above, financial income is expected to be ¥1 million (−35.4% from the current consolidated fiscal year), interest expense is expected to be reduced due to pre-deadline repayments made in the current consolidated fiscal year, and financial expenses are expected to be ¥452 million (−35.3% year-on-year). Profit is expected to be ¥4,581 million (−3.3% year-on-year), and profit attributable to owners of parent is expected to be ¥4,581 million (−3.4% year on year).

The earnings forecast is based on the information available at this time, and the actual financial results may differ due to various factors.

II. Basic Policy Regarding Selection of Accounting Standards

Our corporate group applies International Financial Reporting Standards (IFRS) since the fiscal year ended March 31, 2019 in order to enable the international comparison of financial information and improve convenience in the capital markets.

III. Consolidated Financial Statements and Significant Notes

1. Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and cash equivalents	4,461	3,777
Trade and other receivables	2,141	2,021
Inventories	1,292	1,390
Biological assets	3,019	2,904
Other financial assets	0	-
Other current assets	131	108
Total current assets	11,045	10,202
Non-current assets		
Property, plant and equipment	16,710	18,031
Investment property	364	316
Goodwill and intangible assets	5,320	5,304
Right-of-use assets	597	461
Retirement benefit asset	310	450
Other financial assets	152	146
Deferred tax assets	646	638
Other non-current assets	50	92
Total non-current assets	24,153	25,441
Total assets	35,199	35,644

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Trade and other payables	2,390	1,970
Accrued income taxes	1,539	1,784
Employee benefit liabilities	1,577	1,753
Current portion of long-term borrowings	942	1,132
Lease liabilities	196	205
Provisions	-	57
Other financial liabilities	26	19
Other current liabilities	605	690
Total current liabilities	7,280	7,614
Non-current liabilities		
Borrowings	22,438	18,351
Lease liabilities	483	360
Defend tax liabilities	11	3
Provisions	17	17
Other financial liabilities	55	62
Other non-current liabilities	10	2
Total non-current liabilities	23,017	18,798
Total liabilities	30,297	26,413
Equity		
Share capital	100	119
Capital surplus	(6,046)	(6,026)
Retained earnings	10,828	15,117
Other components of equity	17	21
Total equity attributable to owners of parent	4,899	9,233
Non-controlling interests	1	(2)
Total equity	4,901	9,230
Total liabilities and equity	35,199	35,644

2. Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Income		
Revenue	34,517	34,543
Gains arising from changes in fair value	16,242	16,837
Total income	50,759	51,380
Cost of sales (*1)	35,293	35,081
Gross profit	15,466	16,299
Selling, general and administrative expenses	8,369	8,291
Other income	290	58
Other expenses	696	243
Operating profit	6,691	7,823
Finance income	633	1
Finance expenses	679	699
Profit before tax	6,646	7,125
Income tax expense	2,301	2,385
Profit	4,344	4,740
Profit attributable to		
Owners of parent	4,346	4,744
Non-controlling interests	(1)	(3)
Earnings per share		
Basic earnings per share (Yen)	109.07	119.03
Diluted earnings per share (Yen)	108.98	119.00

Management believes that the information of “material costs, labor costs, etc.” facilitates comparison between the Group and other companies in the same industry by users of financial statements. Therefore, we disclose the information voluntarily as a note in the summarized consolidated statements of income. “Material costs, labor costs, etc.” are the production costs of finished goods and purchasing costs of other goods sold by the Group, excluding the gains arising from changes in fair value recognized under IAS 41 “Agriculture”.

(*1) Components of cost of sales		
Material costs, labor costs, etc.	19,196	18,057
Gains arising from changes in fair value	16,096	17,023
Total	35,293	35,081

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	4,344	4,740
Other comprehensive income (after tax effect deduction)		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(61)	102
Net change in equity instruments measured at fair value through other comprehensive income	(11)	12
Total of items that will not be reclassified to profit or loss	(73)	115
Total of other comprehensive income (after tax effect deduction)	(73)	115
Comprehensive income	4,270	4,855
Comprehensive income attributable to		
Owners of parent	4,272	4,859
Non-controlling interests	(1)	(3)

3. Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2020 (From April 1, 2019 to December 31, 2020) (Millions of yen)

	Share capital	Capital surplus	Retained earnings	Other components of equity	Equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of April 1, 2019	100	(4,360)	6,524	44	2,308	3	2,312
Profit	-	-	4,346	-	4,346	(1)	4,344
Other comprehensive income	-	-	-	(73)	(73)	-	(73)
Total comprehensive income	-	-	4,346	(73)	4,272	(1)	4,270
Issuance of new shares	-	-	-	-	-	-	-
Dividends of surplus	-	(1,685)	-	-	(1,685)	-	(1,685)
Transfer from other components of equity to retained earnings	-	-	(42)	42	-	-	-
Other	-	-	-	4	4	-	4
Total transactions with owners of parent	-	(1,685)	(42)	46	(1,681)	-	(1,681)
Balance as of March 31, 2020	100	(6,046)	10,828	17	4,899	1	4,901

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021) (Millions of yen)

	Share capital	Capital surplus	Retained earnings	Other components of equity	Equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of April 1, 2020	100	(6,046)	10,828	17	4,899	1	4,901
Profit	-	-	4,744	-	4,744	(3)	4,740
Other comprehensive income	-	-	-	115	115	-	115
Total comprehensive income	-	-	4,744	115	4,859	(3)	4,855
Issuance of new shares	19	19	-	-	39	-	39
Dividends of surplus	-	-	(557)	-	(557)	-	(557)
Transfer from other components of equity to retained earnings	-	-	102	(102)	-	-	-
Other	-	-	-	(7)	(7)	-	(7)
Total transactions with owners of parent	19	19	(455)	(110)	(526)	-	(526)
Balance as of March 31, 2021	119	(6,026)	15,117	21	9,233	(2)	9,230

4. 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 tax	6,646	7,125
Depreciation and amortization	1,772	1,979
Impairment losses	384	10
Gain arising on exchange or modification of financial liabilities that does not result in de-recognition	(544)	-
Interest expense	519	472
Commission for syndicate loan	159	227
Loss (gain) on sale of fixed assets	(198)	(6)
Loss on disposal of fixed assets	217	113
Decrease (increase) in trade and other receivables	787	119
Decrease (increase) in inventories	(278)	(98)
Decrease (increase) in biological assets	53	114
Increase (decrease) in trade and other payables	(1,838)	(221)
Decrease (increase) in retirement benefit asset	26	16
Increase (decrease) in employee benefit liabilities	(576)	176
Other	(580)	518
Subtotal	6,548	10,547
Interest paid	(263)	(128)
Commission for syndicate loan paid	(194)	(16)
Income tax paid	(1,542)	(2,347)
Income tax refund	343	149
Net cash inflow (outflow) from operating activities	4,891	8,204
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	12	-
Purchase of property, plant and equipment	(2,356)	(3,726)
Proceeds from sale of property, plant and equipment	801	55
Purchase of intangible assets	(23)	(5)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(441)	-
Other	12	(12)
Net cash flow (outflow) from investing activities	(1,994)	(3,689)
Cash flows from financing activities		
Repayments of long-term borrowings	(2,963)	(4,462)
Redemption of bonds	(200)	-
Repayments of lease liabilities	(202)	(211)
Dividends paid	(1,685)	(554)
Other	(1)	30
Net cash flow (outflow) from financing activities	(5,053)	(5,198)
Effect of exchange rate changes on cash and cash equivalents	(0)	0
Net increase (decrease) in cash and cash equivalents	(2,156)	(683)
Cash and cash equivalents at the beginning of the period	6,617	4,461
Cash and cash equivalents at the end of the period	4,461	3,777

5. Notes to Summarized Consolidated Financial Statements

(Going Concern Assumptions)

Not applicable.

(Segment Information)

(1) Reportable segments

The Group`s reportable segments are components of the Group for which separate financial information is available and regular evaluation by the Board of Directors, chief operating decision maker, is being performed in order to make decisions about resources to be allocated and to assess its performance.

The mushroom business is listed as a reporting segment as the Group has a comprehensive strategy for products and services and is expanding its business activities. “Other” includes businesses that are not included in the reportable segment.

The Group aggregates Maitake business, Eringi business, Buna-shimeji business, etc. as a reportable segment, “mushroom business,” in terms of similarity of economic characteristics such as revenue trends, and the following features are all similar in this segment: (a) the nature of products and services, (b) the nature of the production processes, (c) the type of customers of the products and the services, (d) the method used to deliver the products or provide the services, and (e) the nature of regulatory environment.

Description of the reportable segment is as follows:

	Description of business
Mushroom business	Production and sales of Maitake, Eringi, Buna-shimeji and other mushrooms

(2) Reportable segments information

The accounting methods of reportable business segments are the same as the Group’s accounting policies. Figures reported as segment profit are based on operating profit reported in the summarized consolidated statements of income. Revenues from intersegment transactions are based on the current market prices.

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020) (Millions of yen)

	Mushroom business	Others	Total	Adjustment items (*)	Per consolidated financial statements
Revenue					
Revenue from external customers	32,625	1,892	34,517	-	34,517
Intersegment revenue	-	5	5	(5)	-
Total revenue	32,625	1,897	34,523	(5)	34,517
Segment profit (loss)	6,446	68	6,514	176	6,691
Finance income					633
Finance expenses					679
Profit before tax					6,646
Other					
Gains arising from changes in fair value in Revenue	16,242	-	16,242	-	16,242
Gains arising from changes in fair value in Cost of Sales	16,096	-	16,096	-	16,096
Depreciation and amortization	1,712	49	1,762	10	1,772
Impairment losses	347	36	384	-	384

(Note) Adjustment items for segment profit (loss) include corporate expenses that are not allocated to each business segment.

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021) (Millions of yen)

	Mushroom business	Others	Total	Adjustment items (*)	Per consolidated financial statements
Revenue					
Revenue from external customers	33,995	547	34,543	-	34,543
Intersegment revenue	-	21	21	(21)	-
Total revenue	33,995	569	34,564	(21)	34,543
Segment profit (loss)	7,766	137	7,904	(81)	7,823
Finance income					1
Finance expenses					699
Profit before tax					7,125
Other					
Gains arising from changes in fair value in Revenue	16,837	-	16,837	-	16,837
Gains arising from changes in fair value in Cost of Sales	17,023	-	17,023	-	17,023
Depreciation and amortization	1,963	4	1,968	11	1,979
Impairment losses	3	6	10	-	10

(Note) Adjustment items for segment profit (loss) include corporate expenses that are not allocated to each business segment.

(Earnings per Share)

Calculation of basic earnings per share and diluted earnings per share are described below.

	(Unit)	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Basic earnings per share			
Profit attributable to owners of parent	(Millions of yen)	4,346	4,744
Profit not attributable to common shareholders of the Company	(Millions of yen)	-	-
Profit used for calculation of basic earnings per share	(Millions of yen)	4,346	4,744
Average number of common shares during the period	(Thousand shares)	39,850	39,856
Basic earnings per share	(Yen)	109.07	119.03
Diluted earnings per share			
Profit used for calculation of basic earnings per share	(Millions of yen)	4,346	4,744
Adjustment	(Millions of yen)	-	-
Profit used for calculation of diluted earnings per share	(Millions of yen)	4,346	4,744
Average number of common shares during the period	(Thousand shares)	39,850	39,856
Increase of shares due to stock acquisition rights	(Thousand shares)	33	10
Average number of common shares during the period after dilution	(Thousand shares)	39,883	39,866
Diluted earnings per share	(Yen)	108.98	119.00

(Note) Effective July 30, 2020, the Company split the shares of its common stock on a 100-for-1 basis. Basic earnings per share and diluted earnings per share have been restated, as appropriate, on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(Significant Subsequent Events)

Not applicable.