

Note: This document has been translated from a part of 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.

August 10, 2021

Consolidated Financial Results for the Three Months Ended June 30, 2021 (Under Japanese GAAP)

Company name: Hakudo Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 7637
 URL: <https://www.hakudo.co.jp/>
 Representative: Koji Tsunoda, President
 Inquiries: Akihiro Taniguchi, Executive General Manager, Administration Division
 Telephone: +81-3-6212-2811
 Scheduled date to file quarterly securities report: August 11, 2021
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors)

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

1. Consolidated financial results for the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2021	12,636	35.0	989	243.0	1,030	232.8	717	233.0
June 30, 2020	9,358	(10.5)	288	(22.9)	309	(20.8)	215	(17.5)

Note: Comprehensive income For the three months ended June 30, 2021: ¥760 million [304.9%]
 For the three months ended June 30, 2020: ¥187 million [(7.1)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2021	63.27	—
June 30, 2020	19.00	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2021	36,385	17,972	49.4
March 31, 2021	33,115	17,869	54.0

Reference: Equity As of June 30, 2021: ¥17,972 million
 As of March 31, 2021: ¥17,869 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	0.00	—	58.00	58.00
Fiscal year ending March 31, 2022	—				
Fiscal year ending March 31, 2022 (Forecast)		46.00	—	48.00	94.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

Concerning the revisions to the forecast of cash dividends, please refer to the “Notice Concerning Revisions to Financial Results Forecasts and Dividend Forecasts” announced today (August 10, 2021).

Note: Breakdown of ¥48.00 year-end dividend for the fiscal year ending March 31, 2022 (forecast)

Ordinary dividend: ¥39.00

90th anniversary memorial dividend: ¥9.00

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year	25,400	42.4	1,820	212.2	1,880	204.9	1,300	203.6	114.62
Full year	52,000	32.6	3,420	72.6	3,500	68.0	2,400	87.2	211.61

Note: Revisions to the forecast of the financial results most recently announced: Yes

Concerning the revisions to the forecast of the consolidated financial results, please refer to the “Notice Concerning Revisions to Financial Results Forecasts and Dividend Forecasts” announced today (August 10, 2021).

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: –

Excluded: –

- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

Note: For details, please refer to “Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements” of “(3) Notes to the quarterly consolidated financial statements” (Japanese only) of the attached materials.

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to “Changes in accounting policies” of “(3) Notes to the quarterly consolidated financial statements” (Japanese only) of the attached materials.

- (4) Number of issued shares (common shares)

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

As of June 30, 2021	11,343,300 shares
As of March 31, 2021	11,343,300 shares

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

As of June 30, 2021	1,447 shares
As of March 31, 2021	1,377 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2021	11,341,882 shares
Three months ended June 30, 2020	11,341,962 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of financial results forecasts, and other special matters

Please note that the forecast figures presented above are outlooks based on information currently available and include a considerable number of uncertain factors.

Actual results and others may differ from the forecast figures due to changes in business conditions and other factors.

Quarterly consolidated financial statements

Quarterly consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	5,924,026	6,656,712
Notes and accounts receivable - trade	10,847,040	11,959,017
Electronically recorded monetary claims - operating	2,003,717	2,650,725
Merchandise and finished goods	5,934,987	6,601,746
Raw materials and supplies	25,847	25,818
Other	140,115	159,819
Allowance for doubtful accounts	△24,587	△20,535
Total current assets	24,851,147	28,033,304
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,673,425	7,714,893
Accumulated depreciation	△5,955,979	△5,996,956
Buildings and structures, net	1,717,445	1,717,936
Machinery, equipment and vehicles	7,348,555	7,385,261
Accumulated depreciation	△4,758,804	△4,878,136
Machinery, equipment and vehicles, net	2,589,750	2,507,125
Land	1,899,876	1,899,876
Other	708,154	827,322
Accumulated depreciation	△544,800	△551,086
Other, net	163,353	276,235
Total property, plant and equipment	6,370,426	6,401,173
Intangible assets	402,158	443,279
Investments and other assets		
Investment securities	907,682	931,959
Deferred tax assets	399,095	391,598
Other	184,930	184,389
Total investments and other assets	1,491,708	1,507,947
Total non-current assets	8,264,293	8,352,401
Total assets	33,115,440	36,385,705

(Thousands of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable – trade	5,797,401	6,457,542
Electronically recorded obligations – operating	7,335,415	9,538,412
Accrued expenses	749,209	1,233,780
Income taxes payable	469,473	337,015
Provision for bonuses	371,626	264,974
Provision for bonuses for directors (and other officers)	48,000	21,000
Other	418,551	504,436
Total current liabilities	15,189,677	18,357,161
Non-current liabilities		
Deferred tax liabilities	283	323
Long-term guarantee deposits	16,150	16,150
Retirement benefit liability	14,803	15,120
Other	24,652	24,652
Total non-current liabilities	55,889	56,246
Total liabilities	15,245,567	18,413,408
Net assets		
Shareholders' equity		
Share capital	1,000,000	1,000,000
Capital surplus	621,397	621,397
Retained earnings	15,978,014	16,037,807
Treasury shares	△1,588	△1,714
Total shareholders' equity	17,597,823	17,657,489
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	134,942	148,870
Foreign currency translation adjustment	137,105	165,936
Total accumulated other comprehensive income	272,048	314,806
Non-controlling interests	0	0
Total net assets	17,869,873	17,972,297
Total liabilities and net assets	33,115,440	36,385,705

Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statements of income

(Thousands of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	9,358,446	12,636,167
Cost of sales	7,943,570	10,263,499
Gross profit	1,414,875	2,372,667
Selling, general and administrative expenses	1,126,318	1,382,951
Operating profit	288,557	989,715
Non-operating income		
Interest income	1,859	1,870
Dividend income	6,040	27,729
Rental income from real estate	21,297	21,705
Other	1,138	897
Total non-operating income	30,336	52,202
Non-operating expenses		
Rental expenses on real estate	3,940	3,882
Commission expenses	124	125
Loss on disposal of non-current assets	200	300
Foreign exchange losses	2,903	4,575
Other	2,079	2,406
Total non-operating expenses	9,248	11,290
Ordinary profit	309,645	1,030,627
Profit before income taxes	309,645	1,030,627
Income taxes	94,128	313,003
Profit	215,517	717,623
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	215,517	717,623

Quarterly consolidated statements of comprehensive income

(Thousands of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	215,517	717,623
Other comprehensive income		
Valuation difference on available-for-sale securities	7,193	13,927
Foreign currency translation adjustment	△34,894	28,830
Total other comprehensive income	△27,701	42,757
Comprehensive income	187,816	760,381
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	187,816	760,381
Comprehensive income attributable to non-controlling interests	△0	0