

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2018 (Based on Japanese GAAP)

February 4, 2019

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: Department Director Tomio Takato TEL 026-259-5955
 Scheduled date to file Quarterly Securities Report: February 13, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

(1) Consolidated operating results (cumulative)

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	%
Nine months ended December 31, 2018	52,004	6.4	2,009	138.0	2,676	88.2	1,690	147.1
Nine months ended December 31, 2017	48,879	3.6	844	(58.3)	1,422	(44.2)	684	(52.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2018	52.83		48.48	
Nine months ended December 31, 2017	21.28		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2018	107,500	50,551	47.0
As of March 31, 2018	100,138	52,500	52.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2018	–	10.00	–	50.00	60.00
Year ending March 31, 2019	–	10.00	–		
Year ending March 31, 2019 (Forecast)				50.00	60.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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
Full year	68,700	2.7	3,340	5.0	4,490	11.3	3,020	24.9	90.53

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2018
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of December 31, 2018	33,359,040 shares	As of March 31, 2018	33,359,040 shares
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Number of treasury shares at the end of the period

As of December 31, 2018	1,683,331 shares	As of March 31, 2018	1,168,161 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2018	32,004,832 shares	Nine months ended December 31, 2017	32,147,634 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	8,508	9,702
Notes and accounts receivable - trade	6,783	8,398
Merchandise and finished goods	1,659	1,843
Work in process	3,384	3,838
Raw materials and supplies	647	725
Other	439	710
Allowance for doubtful accounts	(16)	(12)
Total current assets	21,406	25,206
Non-current assets		
Property, plant and equipment		
Buildings and structures	60,711	64,046
Accumulated depreciation	(24,872)	(26,320)
Buildings and structures, net	35,839	37,726
Machinery, equipment and vehicles	49,071	55,965
Accumulated depreciation	(31,589)	(35,100)
Machinery, equipment and vehicles, net	17,482	20,865
Land	14,045	13,985
Other	3,420	2,692
Accumulated depreciation	(1,596)	(1,700)
Other, net	1,823	992
Total property, plant and equipment	69,191	73,569
Intangible assets		
Goodwill	193	264
Other	60	127
Total intangible assets	253	392
Investments and other assets		
Investment securities	7,384	6,249
Net defined benefit asset	901	959
Other	1,021	1,141
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	9,288	8,331
Total non-current assets	78,732	82,293
Total assets	100,138	107,500

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,967	6,706
Short-term loans payable	20,701	14,672
Income taxes payable	1,470	680
Provision for bonuses	1,043	559
Other	5,651	6,466
Total current liabilities	34,834	29,083
Non-current liabilities		
Long-term loans payable	11,703	16,761
Bonds with share acquisition rights	–	9,998
Net defined benefit liability	347	363
Asset retirement obligations	189	189
Other	563	553
Total non-current liabilities	12,803	27,865
Total liabilities	47,638	56,948
Net assets		
Shareholders' equity		
Capital stock	5,500	5,500
Capital surplus	5,695	5,695
Retained earnings	42,326	42,026
Treasury shares	(2,111)	(3,110)
Total shareholders' equity	51,411	50,112
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,829	1,298
Foreign currency translation adjustment	(434)	(594)
Remeasurements of defined benefit plans	(305)	(263)
Total accumulated other comprehensive income	1,089	439
Total net assets	52,500	50,551
Total liabilities and net assets	100,138	107,500

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	48,879	52,004
Cost of sales	36,704	38,165
Gross profit	12,175	13,838
Selling, general and administrative expenses	11,331	11,829
Operating profit	844	2,009
Non-operating income		
Dividend income	151	134
Land and house rent received	228	232
Foreign exchange gains	8	229
Subsidy income	209	109
Other	70	53
Total non-operating income	669	759
Non-operating expenses		
Interest expenses	83	80
Other	7	11
Total non-operating expenses	91	92
Ordinary profit	1,422	2,676
Extraordinary income		
Gain on sales of non-current assets	0	123
Other	-	5
Total extraordinary income	0	128
Extraordinary losses		
Loss on retirement of non-current assets	78	0
Loss on disaster	-	189
Other	6	0
Total extraordinary losses	85	189
Profit before income taxes	1,337	2,614
Income taxes - current	425	723
Income taxes - deferred	227	200
Total income taxes	652	924
Profit	684	1,690
Profit attributable to owners of parent	684	1,690

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	684	1,690
Other comprehensive income		
Valuation difference on available-for-sale securities	242	(531)
Foreign currency translation adjustment	58	(159)
Remeasurements of defined benefit plans, net of tax	38	41
Total other comprehensive income	339	(649)
Comprehensive income	1,024	1,041
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,024	1,041
Comprehensive income attributable to non-controlling interests	—	—