

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 Nine Months Ended December 31, 2019 (Based on Japanese GAAP)

February 3, 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: Department Director Tomio Takato TEL 026-259-5955  
 Scheduled date to file Quarterly Securities Report: February 13, 2020  
 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, 2019 (from April 1, 2019 to December 31, 2019)

(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, 2019	53,449	2.8	2,449	14.2	2,587	(3.3)	(685)	–
Nine months ended December 31, 2018	52,004	6.4	2,144	154.0	2,676	88.2	1,690	147.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2019	(21.69)	–
Nine months ended December 31, 2018	52.83	48.48

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	103,172	48,840	47.3
As of March 31, 2019	103,606	52,030	50.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	–	10.00	–	50.00	60.00
Year ending March 31, 2020	–	10.00	–		
Year ending March 31, 2020 (Forecast)				50.00	60.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	71,000	1.2	4,400	19.5	4,630	0.4	2,160	(32.3)	68.52

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2019  
(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, 2019	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 December 31, 2019	2,112,817 shares	As of March 31, 2019	1,676,250 shares
-------------------------	------------------	----------------------	------------------

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

Nine months ended December 31, 2019	31,601,885 shares	Nine months ended December 31, 2018	32,004,832 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	9,055	10,532
Notes and accounts receivable - trade	6,804	8,060
Merchandise and finished goods	1,677	2,085
Work in process	3,665	3,868
Raw materials and supplies	710	789
Other	587	435
Allowance for doubtful accounts	(29)	(29)
Total current assets	22,470	25,742
Non-current assets		
Property, plant and equipment		
Buildings and structures	64,413	64,062
Accumulated depreciation	(26,803)	(28,206)
Buildings and structures, net	37,610	35,856
Machinery, equipment and vehicles	56,235	57,301
Accumulated depreciation	(36,415)	(39,479)
Machinery, equipment and vehicles, net	19,819	17,822
Land	13,989	13,866
Other	2,693	2,692
Accumulated depreciation	(1,747)	(1,837)
Other, net	946	855
Total property, plant and equipment	72,365	68,400
Intangible assets		
Goodwill	222	204
Other	141	123
Total intangible assets	363	328
Investments and other assets		
Investment securities	6,202	6,287
Retirement benefit asset	867	907
Other	1,356	1,525
Allowance for doubtful accounts	(19)	(20)
Total investments and other assets	8,406	8,701
Total non-current assets	81,136	77,430
Total assets	103,606	103,172

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	6,239	6,356
Short-term borrowings	10,923	7,431
Income taxes payable	1,551	192
Provision for bonuses	1,079	560
Provision for loss on disaster	–	1,699
Other	5,472	9,600
Total current liabilities	25,265	25,842
Non-current liabilities		
Long-term borrowings	15,494	17,256
Bonds with share acquisition rights	9,983	9,983
Retirement benefit liability	344	355
Asset retirement obligations	190	195
Other	297	699
Total non-current liabilities	26,309	28,489
Total liabilities	51,575	54,332
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,500	5,500
Capital surplus	5,697	5,697
Retained earnings	43,529	40,913
Treasury shares	(3,096)	(3,958)
Total shareholders' equity	51,630	48,151
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,255	1,453
Foreign currency translation adjustment	(537)	(493)
Remeasurements of defined benefit plans	(317)	(270)
Total accumulated other comprehensive income	400	688
Total net assets	52,030	48,840
Total liabilities and net assets	103,606	103,172

**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, 2018	Nine months ended December 31, 2019
Net sales	52,004	53,449
Cost of sales	38,089	38,814
Gross profit	13,914	14,634
Selling, general and administrative expenses	11,769	12,185
Operating profit	2,144	2,449
Non-operating income		
Dividend income	134	136
Rental income from land and buildings	96	79
Foreign exchange gains	229	–
Subsidy income	109	70
Other	53	59
Total non-operating income	623	345
Non-operating expenses		
Interest expenses	80	71
Foreign exchange losses	–	127
Other	11	8
Total non-operating expenses	92	207
Ordinary profit	2,676	2,587
Extraordinary income		
Gain on sales of non-current assets	123	11
Other	5	0
Total extraordinary income	128	12
Extraordinary losses		
Loss on retirement of non-current assets	0	11
Loss on disaster	189	2,459
Impairment loss	–	235
Other	0	59
Total extraordinary losses	189	2,765
Profit (loss) before income taxes	2,614	(165)
Income taxes - current	723	259
Income taxes - deferred	200	260
Total income taxes	924	520
Profit (loss)	1,690	(685)
Profit (loss) attributable to owners of parent	1,690	(685)

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit (loss)	1,690	(685)
Other comprehensive income		
Valuation difference on available-for-sale securities	(531)	197
Foreign currency translation adjustment	(159)	43
Remeasurements of defined benefit plans, net of tax	41	47
Total other comprehensive income	(649)	288
Comprehensive income	1,041	(397)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,041	(397)
Comprehensive income attributable to non-controlling interests	—	—