

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

August 2, 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: August 9, 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 three months ended June 30, 2019 (from April 1, 2019 to June 30, 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	%
Three months ended June 30, 2019	15,738	14.3	(610)	–	(735)	–	(582)	–
Three months ended June 30, 2018	13,774	3.8	(1,721)	–	(1,338)	–	(1,041)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2019	(18.39)		–	
Three months ended June 30, 2018	(32.35)		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2019	103,423	49,736	48.1
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				
Year ended March 31, 2019	–	10.00	–	50.00	60.00
Year ending March 31, 2020	–				
Year ending March 31, 2020 (Forecast)		10.00	–	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
Six months ending September 30, 2019	31,600	5.8	(3,060)	–	(2,900)	–	(2,330)	–	(69.85)
Full year	72,200	2.9	2,710	(22.6)	2,990	(35.1)	2,120	(33.5)	63.55

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 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 June 30, 2019	33,359,040 shares	As of March 31, 2019	33,359,040 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	1,676,254 shares	As of March 31, 2019	1,676,250 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2019	31,682,788 shares	Three months ended June 30, 2018	32,190,856 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	9,055	10,586
Notes and accounts receivable - trade	6,804	6,443
Merchandise and finished goods	1,677	2,075
Work in process	3,665	3,874
Raw materials and supplies	710	714
Other	587	297
Allowance for doubtful accounts	(29)	(29)
Total current assets	22,470	23,963
Non-current assets		
Property, plant and equipment		
Buildings and structures	64,413	64,169
Accumulated depreciation	(26,803)	(27,208)
Buildings and structures, net	37,610	36,960
Machinery, equipment and vehicles	56,235	56,301
Accumulated depreciation	(36,415)	(37,480)
Machinery, equipment and vehicles, net	19,819	18,821
Land	13,989	13,968
Other	2,693	2,795
Accumulated depreciation	(1,747)	(1,783)
Other, net	946	1,012
Total property, plant and equipment	72,365	70,762
Intangible assets		
Goodwill	222	273
Other	141	132
Total intangible assets	363	406
Investments and other assets		
Investment securities	6,202	5,902
Retirement benefit asset	867	879
Other	1,356	1,529
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	8,406	8,291
Total non-current assets	81,136	79,460
Total assets	103,606	103,423

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	6,239	6,253
Short-term borrowings	10,923	14,440
Income taxes payable	1,551	133
Provision for bonuses	1,079	638
Other	5,472	6,367
Total current liabilities	25,265	27,832
Non-current liabilities		
Long-term borrowings	15,494	15,210
Bonds with share acquisition rights	9,983	9,983
Retirement benefit liability	344	344
Asset retirement obligations	190	184
Other	297	132
Total non-current liabilities	26,309	25,854
<b>Total liabilities</b>	<b>51,575</b>	<b>53,687</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,500	5,500
Capital surplus	5,697	5,697
Retained earnings	43,529	41,332
Treasury shares	(3,096)	(3,096)
Total shareholders' equity	51,630	49,433
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,255	1,179
Foreign currency translation adjustment	(537)	(574)
Remeasurements of defined benefit plans	(317)	(302)
Total accumulated other comprehensive income	400	302
<b>Total net assets</b>	<b>52,030</b>	<b>49,736</b>
<b>Total liabilities and net assets</b>	<b>103,606</b>	<b>103,423</b>

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	13,774	15,738
Cost of sales	11,866	12,462
Gross profit	1,907	3,276
Selling, general and administrative expenses	3,629	3,887
Operating loss	(1,721)	(610)
Non-operating income		
Rental income from land and buildings	43	36
Dividend income	71	84
Foreign exchange gains	241	–
Other	53	34
Total non-operating income	410	155
Non-operating expenses		
Interest expenses	25	21
Foreign exchange losses	–	253
Other	2	5
Total non-operating expenses	27	280
Ordinary loss	(1,338)	(735)
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	–	0
Insurance claim income	5	–
Other	0	–
Total extraordinary income	5	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Other	0	0
Total extraordinary losses	0	0
Loss before income taxes	(1,333)	(734)
Income taxes - current	98	82
Income taxes - deferred	(391)	(235)
Total income taxes	(292)	(152)
Loss	(1,041)	(582)
Loss attributable to owners of parent	(1,041)	(582)

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

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Loss	(1,041)	(582)
Other comprehensive income		
Valuation difference on available-for-sale securities	63	(76)
Foreign currency translation adjustment	(129)	(36)
Remeasurements of defined benefit plans, net of tax	13	15
Total other comprehensive income	(52)	(97)
Comprehensive income	(1,093)	(680)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,093)	(680)
Comprehensive income attributable to non-controlling interests	—	—