

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 5, 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: November 12, 2019
 Scheduled date to commence dividend payments: December 5, 2019
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 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	%
Six months ended September 30, 2019	32,143	7.6	(960)	–	(1,071)	–	(831)	–
Six months ended September 30, 2018	29,881	7.6	(1,898)	–	(1,301)	–	(1,132)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	(26.27)	–
Six months ended September 30, 2018	(35.25)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	103,040	49,345	47.9
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	–	–	–	–	–	–	–	–	–

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 30, 2019	1,754,880 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)

Six months ended September 30, 2019	31,660,310 shares	Six months ended September 30, 2018	32,131,010 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	9,055	10,400
Notes and accounts receivable - trade	6,804	6,464
Merchandise and finished goods	1,677	2,405
Work in process	3,665	4,251
Raw materials and supplies	710	732
Other	587	356
Allowance for doubtful accounts	(29)	(29)
Total current assets	22,470	24,581
Non-current assets		
Property, plant and equipment		
Buildings and structures	64,413	64,190
Accumulated depreciation	(26,803)	(27,699)
Buildings and structures, net	37,610	36,491
Machinery, equipment and vehicles	56,235	56,974
Accumulated depreciation	(36,415)	(38,725)
Machinery, equipment and vehicles, net	19,819	18,249
Land	13,989	13,918
Other	2,693	2,828
Accumulated depreciation	(1,747)	(1,814)
Other, net	946	1,014
Total property, plant and equipment	72,365	69,672
Intangible assets		
Goodwill	222	222
Other	141	131
Total intangible assets	363	354
Investments and other assets		
Investment securities	6,202	5,864
Retirement benefit asset	867	894
Other	1,356	1,692
Allowance for doubtful accounts	(19)	(20)
Total investments and other assets	8,406	8,431
Total non-current assets	81,136	78,458
Total assets	103,606	103,040

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,239	6,223
Short-term borrowings	10,923	15,439
Income taxes payable	1,551	199
Provision for bonuses	1,079	1,120
Other	5,472	5,124
Total current liabilities	25,265	28,107
Non-current liabilities		
Long-term borrowings	15,494	14,934
Bonds with share acquisition rights	9,983	9,983
Retirement benefit liability	344	350
Asset retirement obligations	190	185
Other	297	132
Total non-current liabilities	26,309	25,586
Total liabilities	51,575	53,694
Net assets		
Shareholders' equity		
Share capital	5,500	5,500
Capital surplus	5,697	5,697
Retained earnings	43,529	41,083
Treasury shares	(3,096)	(3,244)
Total shareholders' equity	51,630	49,037
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,255	1,165
Foreign currency translation adjustment	(537)	(570)
Remeasurements of defined benefit plans	(317)	(286)
Total accumulated other comprehensive income	400	308
Total net assets	52,030	49,345
Total liabilities and net assets	103,606	103,040

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	29,881	32,143
Cost of sales	24,358	25,293
Gross profit	5,522	6,850
Selling, general and administrative expenses	7,421	7,810
Operating loss	(1,898)	(960)
Non-operating income		
Rental income from land and buildings	74	58
Dividend income	90	86
Foreign exchange gains	421	–
Subsidy income	33	33
Other	37	32
Total non-operating income	658	210
Non-operating expenses		
Interest expenses	54	46
Foreign exchange losses	–	267
Other	6	7
Total non-operating expenses	60	321
Ordinary loss	(1,301)	(1,071)
Extraordinary income		
Gain on sales of non-current assets	122	11
Other	5	0
Total extraordinary income	128	12
Extraordinary losses		
Loss on disaster	236	0
Other	0	0
Total extraordinary losses	237	1
Loss before income taxes	(1,410)	(1,060)
Income taxes - current	161	148
Income taxes - deferred	(438)	(377)
Total income taxes	(277)	(228)
Loss	(1,132)	(831)
Loss attributable to owners of parent	(1,132)	(831)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Loss	(1,132)	(831)
Other comprehensive income		
Valuation difference on available-for-sale securities	230	(89)
Foreign currency translation adjustment	(143)	(33)
Remeasurements of defined benefit plans, net of tax	27	31
Total other comprehensive income	114	(91)
Comprehensive income	(1,018)	(923)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,018)	(923)
Comprehensive income attributable to non-controlling interests	—	—