

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 Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 2, 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: November 13, 2020  
 Scheduled date to commence dividend payments: December 3, 2020  
 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, 2020 (from April 1, 2020 to September 30, 2020)

#### (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, 2020	33,610	4.6	997	–	980	–	528	–
Six months ended September 30, 2019	32,143	7.6	(960)	–	(1,071)	–	(831)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	16.88	14.64
Six months ended September 30, 2019	(26.27)	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	103,032	50,192	48.7
As of March 31, 2020	100,602	50,545	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, 2020	–	10.00	–	50.00	60.00
Year ending March 31, 2021	–	10.00	–	–	–
Year ending March 31, 2021 (Forecast)	–	–	–	50.00	60.00

### 3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	73,600	3.3	5,810	48.1	5,890	40.7	3,610	135.7	115.25

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (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, 2020	33,359,040 shares	As of March 31, 2020	33,359,040 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2020	2,020,386 shares	As of March 31, 2020	2,096,197 shares
--------------------------	------------------	----------------------	------------------

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

Six months ended September 30, 2020	31,294,064 shares	Six months ended September 30, 2019	31,660,310 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

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

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	12,178	13,951
Notes and accounts receivable - trade	5,798	6,275
Merchandise and finished goods	1,823	2,428
Work in process	3,643	4,156
Raw materials and supplies	688	703
Other	1,122	654
Allowance for doubtful accounts	(43)	(66)
Total current assets	25,212	28,103
Non-current assets		
Property, plant and equipment		
Buildings and structures	63,960	63,866
Accumulated depreciation	(28,633)	(28,938)
Buildings and structures, net	35,327	34,927
Machinery, equipment and vehicles	57,268	58,707
Accumulated depreciation	(40,373)	(42,766)
Machinery, equipment and vehicles, net	16,894	15,940
Land	13,854	14,326
Other	3,037	2,804
Accumulated depreciation	(1,841)	(1,890)
Other, net	1,195	914
Total property, plant and equipment	67,271	66,110
Intangible assets		
Goodwill	188	152
Other	115	117
Total intangible assets	304	269
Investments and other assets		
Investment securities	5,794	6,415
Retirement benefit asset	570	592
Other	1,468	1,561
Allowance for doubtful accounts	(20)	(20)
Total investments and other assets	7,814	8,549
Total non-current assets	75,389	74,929
Total assets	100,602	103,032

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,873	6,560
Short-term borrowings	4,437	9,938
Income taxes payable	1,240	411
Provision for bonuses	1,094	1,244
Other	9,939	10,658
Total current liabilities	22,585	28,814
Non-current liabilities		
Long-term borrowings	16,680	13,003
Bonds with share acquisition rights	9,982	9,917
Retirement benefit liability	356	367
Asset retirement obligations	194	198
Other	257	540
Total non-current liabilities	27,471	24,025
<b>Total liabilities</b>	<b>50,056</b>	<b>52,839</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,500	5,500
Capital surplus	5,697	5,705
Retained earnings	43,130	42,074
Treasury shares	(3,925)	(3,779)
Total shareholders' equity	50,402	49,500
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,143	1,563
Foreign currency translation adjustment	(498)	(408)
Remeasurements of defined benefit plans	(502)	(462)
Total accumulated other comprehensive income	142	692
<b>Total net assets</b>	<b>50,545</b>	<b>50,192</b>
<b>Total liabilities and net assets</b>	<b>100,602</b>	<b>103,032</b>

**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, 2019	Six months ended September 30, 2020
Net sales	32,143	33,610
Cost of sales	25,293	25,186
Gross profit	6,850	8,423
Selling, general and administrative expenses	7,810	7,425
Operating profit (loss)	(960)	997
Non-operating income		
Dividend income	86	70
Rental income from land and buildings	58	57
Subsidy income	33	31
Other	32	36
Total non-operating income	210	194
Non-operating expenses		
Interest expenses	46	41
Foreign exchange losses	267	160
Other	7	10
Total non-operating expenses	321	212
Ordinary profit (loss)	(1,071)	980
Extraordinary income		
Gain on sales of non-current assets	11	39
Insurance claim income	0	111
Other	0	–
Total extraordinary income	12	151
Extraordinary losses		
Loss on disaster	0	162
Other	0	24
Total extraordinary losses	1	187
Profit (loss) before income taxes	(1,060)	944
Income taxes - current	148	344
Income taxes - deferred	(377)	71
Total income taxes	(228)	416
Profit (loss)	(831)	528
Profit (loss) attributable to owners of parent	(831)	528

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

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit (loss)	(831)	528
Other comprehensive income		
Valuation difference on available-for-sale securities	(89)	419
Foreign currency translation adjustment	(33)	89
Remeasurements of defined benefit plans, net of tax	31	40
Total other comprehensive income	(91)	549
Comprehensive income	(923)	1,077
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(923)	1,077
Comprehensive income attributable to non-controlling interests	—	—