

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

November 2, 2017

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 10, 2017
 Scheduled date to commence dividend payments: December 5, 2017
 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, 2017 (from April 1, 2017 to September 30, 2017)

(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, 2017	27,779	6.4	(2,783)	—	(2,502)	—	(1,955)	—
Six months ended September 30, 2016	26,106	(3.9)	(2,132)	—	(2,751)	—	(2,127)	—

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2017	(60.88)	—
Six months ended September 30, 2016	(66.34)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	101,059	48,427	47.9
As of March 31, 2017	94,738	51,736	54.6

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, 2017	—	10.00	—	50.00	60.00
Year ending March 31, 2018	—	10.00			
Year ending March 31, 2018 (Forecast)			—	50.00	60.00

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

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	65,800	4.2	2,250	(34.4)	2,870	(34.5)	1,870	(33.9)	56.06

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2017
(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, 2017	33,359,040 shares	As of March 31, 2017	33,359,040 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	1,214,934 shares	As of March 31, 2017	1,240,942 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, 2017	32,128,997 shares	Six months ended September 30, 2016	32,068,781 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	6,047	5,960
Notes and accounts receivable - trade	5,172	7,269
Merchandise and finished goods	1,455	2,064
Work in process	3,402	3,891
Raw materials and supplies	615	657
Other	1,318	1,654
Allowance for doubtful accounts	(21)	(20)
Total current assets	17,990	21,476
Non-current assets		
Property, plant and equipment		
Buildings and structures	56,967	60,839
Accumulated depreciation	(23,272)	(24,212)
Buildings and structures, net	33,695	36,627
Machinery, equipment and vehicles	46,322	48,209
Accumulated depreciation	(27,190)	(29,493)
Machinery, equipment and vehicles, net	19,131	18,716
Land	14,043	14,145
Other	2,917	2,154
Accumulated depreciation	(1,437)	(1,515)
Other, net	1,479	639
Total property, plant and equipment	68,350	70,128
Intangible assets		
Goodwill	322	257
Other	81	75
Total intangible assets	403	333
Investments and other assets		
Investment securities	6,315	6,752
Net defined benefit asset	795	819
Other	902	1,568
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	7,993	9,120
Total non-current assets	76,747	79,582
Total assets	94,738	101,059

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,592	6,447
Short-term loans payable	16,669	25,921
Income taxes payable	1,418	152
Provision for bonuses	1,007	1,048
Other	4,327	5,264
Total current liabilities	29,015	38,833
Non-current liabilities		
Long-term loans payable	12,538	12,270
Net defined benefit liability	340	338
Asset retirement obligations	188	190
Other	918	997
Total non-current liabilities	13,986	13,797
Total liabilities	43,001	52,631
Net assets		
Shareholders' equity		
Capital stock	5,500	5,500
Capital surplus	5,828	5,840
Retained earnings	41,835	38,273
Treasury shares	(2,222)	(2,182)
Total shareholders' equity	50,941	47,431
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,748	1,920
Foreign currency translation adjustment	(571)	(568)
Remeasurements of defined benefit plans	(381)	(355)
Total accumulated other comprehensive income	795	996
Total net assets	51,736	48,427
Total liabilities and net assets	94,738	101,059

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, 2016	Six months ended September 30, 2017
Net sales	26,106	27,779
Cost of sales	21,636	23,388
Gross profit	4,470	4,390
Selling, general and administrative expenses		
Sales commission	1,558	1,736
Haulage expenses	1,742	1,817
Provision for bonuses	179	213
Other	3,122	3,406
Total selling, general and administrative expenses	6,603	7,174
Operating loss	(2,132)	(2,783)
Non-operating income		
Dividend income	60	88
Land and house rent received	144	152
Subsidy income	86	115
Other	22	47
Total non-operating income	313	404
Non-operating expenses		
Interest expenses	55	45
Foreign exchange losses	873	73
Other	2	3
Total non-operating expenses	932	122
Ordinary loss	(2,751)	(2,502)
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on reversal of subscription rights to shares	22	–
Other	1	–
Total extraordinary income	25	0
Extraordinary losses		
Loss on retirement of non-current assets	89	0
Other	1	0
Total extraordinary losses	91	0
Loss before income taxes	(2,816)	(2,502)
Income taxes - current	113	127
Income taxes - deferred	(802)	(673)
Total income taxes	(689)	(546)
Loss	(2,127)	(1,955)
Loss attributable to owners of parent	(2,127)	(1,955)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Loss	(2,127)	(1,955)
Other comprehensive income		
Valuation difference on available-for-sale securities	161	172
Foreign currency translation adjustment	78	2
Remeasurements of defined benefit plans, net of tax	(15)	25
Total other comprehensive income	224	200
Comprehensive income	(1,903)	(1,755)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,903)	(1,755)
Comprehensive income attributable to non-controlling interests	—	—