

Translation

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

August 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: August 10, 2017
 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, 2017 (from April 1, 2017 to June 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	%
Three months ended June 30, 2017	13,275	7.0	(1,591)	–	(1,545)	–	(1,216)	–
Three months ended June 30, 2016	12,408	(0.9)	(1,431)	–	(1,999)	–	(1,495)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2017	(37.86)	–
Three months ended June 30, 2016	(46.65)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	101,193	49,100	48.5
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	–				
Year ending March 31, 2018 (Forecast)		10.00	–	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
Six months ending September 30, 2017	28,600	9.6	(3,110)	–	(2,960)	–	(2,240)	–	(67.15)
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 three months ended June 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 June 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 June 30, 2017	1,234,057 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)

Three months ended June 30, 2017	32,121,542 shares	Three months ended June 30, 2016	32,053,595 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	6,047	9,677
Notes and accounts receivable - trade	5,172	4,789
Merchandise and finished goods	1,455	1,954
Work in process	3,402	3,531
Raw materials and supplies	615	619
Other	1,318	1,119
Allowance for doubtful accounts	(21)	(19)
Total current assets	17,990	21,671
Non-current assets		
Property, plant and equipment		
Buildings and structures	56,967	60,165
Accumulated depreciation	(23,272)	(23,731)
Buildings and structures, net	33,695	36,434
Machinery, equipment and vehicles	46,322	47,011
Accumulated depreciation	(27,190)	(28,319)
Machinery, equipment and vehicles, net	19,131	18,691
Land	14,043	14,047
Other	2,917	2,431
Accumulated depreciation	(1,437)	(1,472)
Other, net	1,479	958
Total property, plant and equipment	68,350	70,131
Intangible assets		
Goodwill	322	290
Other	81	84
Total intangible assets	403	374
Investments and other assets		
Investment securities	6,315	6,701
Net defined benefit asset	795	807
Other	902	1,525
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	7,993	9,014
Total non-current assets	76,747	79,521
Total assets	94,738	101,193
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,592	5,879
Short-term loans payable	16,669	24,696
Income taxes payable	1,418	68
Provision for bonuses	1,007	601
Other	4,327	6,729
Total current liabilities	29,015	37,975

	(Millions of yen)	
	As of March 31, 2017	As of June 30, 2017
Non-current liabilities		
Long-term loans payable	12,538	12,595
Net defined benefit liability	340	346
Asset retirement obligations	188	188
Other	918	986
Total non-current liabilities	13,986	14,117
Total liabilities	43,001	52,092
Net assets		
Shareholders' equity		
Capital stock	5,500	5,500
Capital surplus	5,828	5,832
Retained earnings	41,835	39,013
Treasury shares	(2,222)	(2,211)
Total shareholders' equity	50,941	48,133
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,748	1,900
Foreign currency translation adjustment	(571)	(564)
Remeasurements of defined benefit plans	(381)	(368)
Total accumulated other comprehensive income	795	967
Total net assets	51,736	49,100
Total liabilities and net assets	94,738	101,193

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, 2016	Three months ended June 30, 2017
Net sales	12,408	13,275
Cost of sales	10,491	11,310
Gross profit	1,917	1,964
Selling, general and administrative expenses		
Sales commission	848	926
Haulage expenses	856	894
Provision for bonuses	97	115
Other	1,546	1,620
Total selling, general and administrative expenses	3,348	3,556
Operating loss	(1,431)	(1,591)
Non-operating income		
Land and house rent received	79	82
Dividend income	60	79
Other	25	37
Total non-operating income	165	200
Non-operating expenses		
Interest expenses	22	29
Foreign exchange losses	709	121
Other	0	3
Total non-operating expenses	732	153
Ordinary loss	(1,999)	(1,545)
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on reversal of subscription rights to shares	22	–
Other	1	–
Total extraordinary income	24	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on valuation of investment securities	19	–
Other	0	0
Total extraordinary losses	19	0
Loss before income taxes	(1,994)	(1,545)
Income taxes - current	66	77
Income taxes - deferred	(565)	(406)
Total income taxes	(499)	(329)
Loss	(1,495)	(1,216)
Loss attributable to owners of parent	(1,495)	(1,216)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Loss	(1,495)	(1,216)
Other comprehensive income		
Valuation difference on available-for-sale securities	(237)	152
Foreign currency translation adjustment	76	6
Remeasurements of defined benefit plans, net of tax	(29)	12
Total other comprehensive income	(190)	171
Comprehensive income	(1,686)	(1,044)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,686)	(1,044)
Comprehensive income attributable to non-controlling interests	—	—