

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018 (Based on Japanese GAAP)

August 2, 2018

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, 2018
 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, 2018 (from April 1, 2018 to June 30, 2018)

(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, 2018	13,774	3.8	(1,767)	–	(1,338)	–	(1,041)	–
Three months ended June 30, 2017	13,275	7.0	(1,591)	–	(1,545)	–	(1,216)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2018	(32.35)	–
Three months ended June 30, 2017	(37.86)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	105,443	49,735	47.2
As of March 31, 2018	100,138	52,500	52.4

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, 2018	–	10.00	–	50.00	60.00
Year ending March 31, 2019	–				
Year ending March 31, 2019 (Forecast)		10.00	–	50.00	60.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018	29,200	5.1	(3,050)	–	(2,890)	–	(2,260)	–	(67.75)
Full year	68,200	1.9	2,240	(29.6)	2,850	(29.3)	1,840	(23.9)	55.16

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2018
(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, 2018	33,359,040 shares	As of March 31, 2018	33,359,040 shares
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Number of treasury shares at the end of the period

As of June 30, 2018	1,168,201 shares	As of March 31, 2018	1,168,161 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, 2018	32,190,856 shares	Three months ended June 30, 2017	32,121,542 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	8,508	10,140
Notes and accounts receivable - trade	6,783	6,063
Merchandise and finished goods	1,659	2,182
Work in process	3,384	3,539
Raw materials and supplies	647	690
Other	439	524
Allowance for doubtful accounts	(16)	(12)
Total current assets	21,406	23,127
Non-current assets		
Property, plant and equipment		
Buildings and structures	60,711	64,064
Accumulated depreciation	(24,872)	(25,382)
Buildings and structures, net	35,839	38,681
Machinery, equipment and vehicles	49,071	49,980
Accumulated depreciation	(31,589)	(32,710)
Machinery, equipment and vehicles, net	17,482	17,270
Land	14,045	14,068
Other	3,420	4,353
Accumulated depreciation	(1,596)	(1,623)
Other, net	1,823	2,730
Total property, plant and equipment	69,191	72,750
Intangible assets		
Goodwill	193	348
Other	60	57
Total intangible assets	253	405
Investments and other assets		
Investment securities	7,384	7,145
Net defined benefit asset	901	917
Other	1,021	1,114
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	9,288	9,159
Total non-current assets	78,732	82,315
Total assets	100,138	105,443

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,967	6,282
Short-term loans payable	20,701	26,708
Income taxes payable	1,470	89
Provision for bonuses	1,043	631
Other	5,651	9,462
Total current liabilities	34,834	43,174
Non-current liabilities		
Long-term loans payable	11,703	11,771
Net defined benefit liability	347	352
Asset retirement obligations	189	188
Other	563	220
Total non-current liabilities	12,803	12,534
Total liabilities	47,638	55,708
Net assets		
Shareholders' equity		
Capital stock	5,500	5,500
Capital surplus	5,695	5,695
Retained earnings	42,326	39,613
Treasury shares	(2,111)	(2,111)
Total shareholders' equity	51,411	48,698
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,829	1,892
Foreign currency translation adjustment	(434)	(564)
Remeasurements of defined benefit plans	(305)	(291)
Total accumulated other comprehensive income	1,089	1,037
Total net assets	52,500	49,735
Total liabilities and net assets	100,138	105,443

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, 2017	Three months ended June 30, 2018
Net sales	13,275	13,774
Cost of sales	11,310	11,891
Gross profit	1,964	1,882
Selling, general and administrative expenses	3,556	3,649
Operating loss	(1,591)	(1,767)
Non-operating income		
Land and house rent received	82	89
Dividend income	79	71
Foreign exchange gains	—	241
Other	37	53
Total non-operating income	200	456
Non-operating expenses		
Interest expenses	29	25
Foreign exchange losses	121	—
Other	3	2
Total non-operating expenses	153	27
Ordinary loss	(1,545)	(1,338)
Extraordinary income		
Insurance income	—	5
Other	0	0
Total extraordinary income	0	5
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Other	0	0
Total extraordinary losses	0	0
Loss before income taxes	(1,545)	(1,333)
Income taxes - current	77	98
Income taxes - deferred	(406)	(391)
Total income taxes	(329)	(292)
Loss	(1,216)	(1,041)
Loss attributable to owners of parent	(1,216)	(1,041)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Loss	(1,216)	(1,041)
Other comprehensive income		
Valuation difference on available-for-sale securities	152	63
Foreign currency translation adjustment	6	(129)
Remeasurements of defined benefit plans, net of tax	12	13
Total other comprehensive income	171	(52)
Comprehensive income	(1,044)	(1,093)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,044)	(1,093)
Comprehensive income attributable to non-controlling interests	—	—