

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2017 (Based on Japanese GAAP)

February 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: February 9, 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 nine months ended December 31, 2017 (from April 1, 2017 to December 31, 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	%
Nine months ended December 31, 2017	48,879	3.6	844	(58.3)	1,422	(44.2)	684	(52.9)
Nine months ended December 31, 2016	47,160	2.9	2,025	(2.9)	2,549	4.1	1,453	(15.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2017	21.28		–	
Nine months ended December 31, 2016	45.32		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	102,217	50,975	49.9
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				
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 nine months ended December 31, 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 December 31, 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 December 31, 2017	1,168,030 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)

Nine months ended December 31, 2017	32,147,634 shares	Nine months ended December 31, 2016	32,078,431 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	6,047	6,678
Notes and accounts receivable - trade	5,172	8,394
Merchandise and finished goods	1,455	1,636
Work in process	3,402	3,555
Raw materials and supplies	615	746
Other	1,318	681
Allowance for doubtful accounts	(21)	(20)
Total current assets	17,990	21,672
Non-current assets		
Property, plant and equipment		
Buildings and structures	56,967	61,007
Accumulated depreciation	(23,272)	(24,603)
Buildings and structures, net	33,695	36,403
Machinery, equipment and vehicles	46,322	49,162
Accumulated depreciation	(27,190)	(30,644)
Machinery, equipment and vehicles, net	19,131	18,517
Land	14,043	14,155
Other	2,917	3,379
Accumulated depreciation	(1,437)	(1,552)
Other, net	1,479	1,827
Total property, plant and equipment	68,350	70,903
Intangible assets		
Goodwill	322	225
Other	81	65
Total intangible assets	403	291
Investments and other assets		
Investment securities	6,315	6,858
Net defined benefit asset	795	840
Other	902	1,669
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	7,993	9,349
Total non-current assets	76,747	80,544
Total assets	94,738	102,217

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,592	6,314
Short-term loans payable	16,669	23,703
Income taxes payable	1,418	386
Provision for bonuses	1,007	526
Other	4,327	6,474
Total current liabilities	29,015	37,405
Non-current liabilities		
Long-term loans payable	12,538	12,275
Net defined benefit liability	340	337
Asset retirement obligations	188	195
Other	918	1,028
Total non-current liabilities	13,986	13,837
Total liabilities	43,001	51,242
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,500	5,500
Capital surplus	5,828	5,859
Retained earnings	41,835	40,591
Treasury shares	(2,222)	(2,111)
Total shareholders' equity	50,941	49,840
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,748	1,990
Foreign currency translation adjustment	(571)	(512)
Remeasurements of defined benefit plans	(381)	(342)
Total accumulated other comprehensive income	795	1,135
Total net assets	51,736	50,975
Total liabilities and net assets	94,738	102,217

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	47,160	48,879
Cost of sales	34,245	36,704
Gross profit	12,914	12,175
Selling, general and administrative expenses		
Sales commission	2,826	2,995
Haulage expenses	2,858	2,928
Provision for bonuses	94	122
Other	5,111	5,284
Total selling, general and administrative expenses	10,889	11,331
Operating profit	2,025	844
Non-operating income		
Dividend income	101	151
Land and house rent received	210	228
Foreign exchange gains	168	8
Subsidy income	144	209
Other	33	70
Total non-operating income	658	669
Non-operating expenses		
Interest expenses	92	83
Loss on subsidy return	36	-
Other	4	7
Total non-operating expenses	133	91
Ordinary profit	2,549	1,422
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on reversal of subscription rights to shares	22	-
Other	2	-
Total extraordinary income	25	0
Extraordinary losses		
Loss on retirement of non-current assets	131	78
Other	1	6
Total extraordinary losses	133	85
Profit before income taxes	2,441	1,337
Income taxes - current	718	425
Income taxes - deferred	269	227
Total income taxes	988	652
Profit	1,453	684
Profit attributable to owners of parent	1,453	684

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

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	1,453	684
Other comprehensive income		
Valuation difference on available-for-sale securities	769	242
Foreign currency translation adjustment	(48)	58
Remeasurements of defined benefit plans, net of tax	(0)	38
Total other comprehensive income	720	339
Comprehensive income	2,173	1,024
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,173	1,024
Comprehensive income attributable to non-controlling interests	—	—