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MEMBERSHIP

May 10, 2022

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)

Company name: Hokuetsu Industries Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 6364  
 URL: <https://www.airman.co.jp/>  
 Representative: Yoshimasa Horiuchi, President, CEO  
 Inquiries: Goichi Sato, Director, General Manager of Administration Dept.  
 Telephone: +81-256 93-5571  
 Scheduled date of annual general meeting of shareholders: June 28, 2022  
 Scheduled date to commence dividend payments: June 29, 2022  
 Scheduled date to file annual securities report: June 28, 2022  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	36,650	11.3	3,570	43.4	4,055	38.8	2,748	41.4
March 31, 2021	32,929	(21.2)	2,489	(53.2)	2,920	(46.5)	1,944	(46.3)

Note: Comprehensive income For the fiscal year ended March 31, 2022: ¥2,516 million [6.1%]  
 For the fiscal year ended March 31, 2021: ¥2,370 million [(27.2)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2022	95.76	–	9.0	9.1	9.7
March 31, 2021	67.20	–	6.6	6.6	7.6

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended March 31, 2022: ¥84 million  
 For the fiscal year ended March 31, 2021: ¥22 million

## (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	45,827	31,303	68.0	1,097.97
March 31, 2021	43,379	29,962	68.8	1,036.37

Reference: Equity

As of March 31, 2022: ¥31,161 million

As of March 31, 2021: ¥29,834 million

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	2,276	(615)	(2,222)	10,613
March 31, 2021	4,099	(2,017)	(1,731)	11,049

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31, 2021	Yen –	Yen 5.00	Yen –	Yen 17.00	Yen 22.00	Millions of yen 640	% 32.7	% 2.2
Fiscal year ended March 31, 2022	–	10.00	–	20.00	30.00	865	31.3	2.8
Fiscal year ending March 31, 2023 (Forecast)	–	10.00	–	20.00	30.00		30.8	

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	19,500	15.5	1,620	(3.8)	1,700	(5.2)	1,190	(3.7)	41.93
Fiscal year ending March 31, 2023	40,000	9.1	3,820	7.0	4,000	(1.4)	2,760	0.4	97.25

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	30,165,418 shares
As of March 31, 2021	30,165,418 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2022	1,784,261 shares
As of March 31, 2021	1,377,850 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022	28,703,998 shares
Fiscal year ended March 31, 2021	28,935,921 shares

Note: The number of treasury shares at the end of the period includes the Company's shares (345,900 shares for the fiscal year ended March 31, 2022 and 339,700 shares for the fiscal year ended March 31, 2021) held by "Custody Bank of Japan, Ltd. (Trust Account E)." The Company's shares held by "Custody Bank of Japan, Ltd. (Trust Account E)" are included in treasury shares, which is deducted from the average number of shares outstanding during the period (329,823 shares for the fiscal year ended March 31, 2022 and 318,862 shares for the fiscal year ended March 31, 2021).

**(Reference) Overview of non-consolidated financial results**

**Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2022	35,539	18.6	2,179	45.3	3,090	46.4	2,128	49.4
March 31, 2021	29,975	(21.7)	1,500	(48.4)	2,110	(43.2)	1,424	(45.0)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2022	74.16	—
March 31, 2021	49.23	—

## (2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	37,611	23,252	61.8	819.28
March 31, 2021	35,556	22,685	63.8	788.02

Reference: Equity

As of March 31, 2022: ¥23,252 million

As of March 31, 2021: ¥22,685 million

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in this material are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Moreover, actual business and other results may differ from the forecast due to various factors going forward.

(How to obtain supplementary material on financial results)

The Company is scheduled to hold a financial results briefing for institutional investors and analysts on Monday, May 30, 2022.

Supplementary material on financial results to be used in this financial results briefing will be posted on the Company's website shortly after the briefing.

## Consolidated financial statements

### (1) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	11,380,014	10,943,932
Notes and accounts receivable - trade	13,629,839	-
Notes receivable - trade	-	4,213,794
Accounts receivable - trade	-	10,831,530
Merchandise and finished goods	3,189,689	4,044,849
Work in process	183,939	207,934
Raw materials and supplies	773,816	1,223,282
Other	334,955	1,082,865
Allowance for doubtful accounts	(80,908)	(56,172)
Total current assets	29,411,346	32,492,016
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,406,894	8,859,613
Accumulated depreciation	(4,077,475)	(4,443,267)
Buildings and structures, net	4,329,418	4,416,346
Machinery, equipment and vehicles	8,550,566	8,656,006
Accumulated depreciation	(6,164,612)	(6,391,950)
Machinery, equipment and vehicles, net	2,385,954	2,264,055
Land	1,963,579	2,006,579
Construction in progress	118,222	168,639
Other	1,497,260	1,564,706
Accumulated depreciation	(1,380,625)	(1,430,233)
Other, net	116,635	134,473
Total property, plant and equipment	8,913,809	8,990,094
Intangible assets	77,979	65,228
Investments and other assets		
Investment securities	4,024,345	2,984,889
Investments in capital of subsidiaries and associates	383,377	528,753
Deferred tax assets	355,303	561,703
Other	219,392	210,492
Allowance for doubtful accounts	(6,067)	(5,876)
Total investments and other assets	4,976,350	4,279,963
Total non-current assets	13,968,139	13,335,285
Total assets	43,379,486	45,827,302

Hokuetsu Industries Co., Ltd. (6364)  
Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,254,537	4,237,599
Electronically recorded obligations - operating	3,450,787	4,052,298
Short-term borrowings	375,000	100,000
Current portion of bonds payable	600,000	-
Income taxes payable	637,490	904,937
Contract liabilities	-	305,666
Provision for bonuses	632,232	683,160
Provision for bonuses for directors (and other officers)	65,800	50,240
Provision for product warranties	16,200	18,600
Other	1,779,161	1,586,362
<b>Total current liabilities</b>	<b>10,811,208</b>	<b>11,938,864</b>
Non-current liabilities		
Long-term borrowings	100,000	-
Deferred tax liabilities	-	2,440
Provision for share awards	158,017	174,896
Provision for share awards for directors (and other officers)	137,334	124,106
Retirement benefit liability	2,064,464	2,049,661
Asset retirement obligations	-	114,438
Other	146,037	119,457
<b>Total non-current liabilities</b>	<b>2,605,853</b>	<b>2,585,000</b>
<b>Total liabilities</b>	<b>13,417,062</b>	<b>14,523,865</b>
Net assets		
Shareholders' equity		
Share capital	3,416,544	3,416,544
Capital surplus	3,887,594	3,887,594
Retained earnings	22,316,367	24,278,736
Treasury shares	(967,748)	(1,354,354)
<b>Total shareholders' equity</b>	<b>28,652,758</b>	<b>30,228,520</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,388,090	999,897
Foreign currency translation adjustment	(113,584)	20,966
Remeasurements of defined benefit plans	(92,634)	(87,775)
<b>Total accumulated other comprehensive income</b>	<b>1,181,871</b>	<b>933,088</b>
Non-controlling interests	127,795	141,827
<b>Total net assets</b>	<b>29,962,424</b>	<b>31,303,436</b>
<b>Total liabilities and net assets</b>	<b>43,379,486</b>	<b>45,827,302</b>

**(2) Consolidated statements of income and comprehensive income**  
**Consolidated statement of income**

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	32,929,473	36,650,986
Cost of sales	24,715,851	27,102,151
Gross profit	8,213,622	9,548,835
Selling, general and administrative expenses		
Packing and transportation costs	644,083	871,201
Provision of allowance for doubtful accounts	79,717	(24,927)
Provision for product warranties	-	2,400
Remuneration, salaries and allowances for directors (and other officers)	2,207,191	2,272,562
Provision for bonuses	300,665	318,982
Provision for bonuses for directors (and other officers)	56,971	50,240
Retirement benefit expenses	104,221	107,689
Provision for share awards	14,266	14,231
Provision for share awards for directors (and other officers)	33,598	28,550
Other	2,283,232	2,337,709
Total selling, general and administrative expenses	5,723,948	5,978,639
Operating profit	2,489,674	3,570,195
Non-operating income		
Interest income	7,182	6,133
Dividend income	88,433	81,914
Share of profit of entities accounted for using equity method	22,787	84,436
Foreign exchange gains	113,367	252,485
Other	218,855	93,311
Total non-operating income	450,627	518,280
Non-operating expenses		
Interest expenses	10,748	8,475
Commission for syndicated loans	2,999	14,999
Other	5,644	9,757
Total non-operating expenses	19,392	33,233
Ordinary profit	2,920,909	4,055,242
Extraordinary income		
Gain on disposal of non-current assets	277	5,226
Gain on sale of investment securities	-	2,050
Total extraordinary income	277	7,277
Extraordinary losses		
Loss on disposal of non-current assets	25,750	15,522
Total extraordinary losses	25,750	15,522
Profit before income taxes	2,895,436	4,046,997
Income taxes - current	846,220	1,316,606
Income taxes - deferred	97,767	(34,535)
Total income taxes	943,987	1,282,070
Profit	1,951,448	2,764,927
Profit attributable to non-controlling interests	7,061	16,122
Profit attributable to owners of parent	1,944,387	2,748,804

**Consolidated statement of comprehensive income**

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	1,951,448	2,764,927
Other comprehensive income		
Valuation difference on available-for-sale securities	436,444	(388,193)
Foreign currency translation adjustment	(29,752)	81,587
Remeasurements of defined benefit plans, net of tax	8,023	4,858
Share of other comprehensive income of entities accounted for using equity method	4,788	52,963
Total other comprehensive income	419,503	(248,782)
Comprehensive income	2,370,952	2,516,144
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,363,891	2,500,021
Comprehensive income attributable to non-controlling interests	7,061	16,122



### (3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,416,544	3,887,594	21,110,162	(413,091)	28,001,210
Changes during period					
Dividends of surplus			(738,183)		(738,183)
Profit attributable to owners of parent			1,944,387		1,944,387
Purchase of treasury shares				(591,552)	(591,552)
Disposal of treasury shares				36,896	36,896
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,206,204	(554,656)	651,547
Balance at end of period	3,416,544	3,887,594	22,316,367	(967,748)	28,652,758

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	951,646	(88,620)	(100,657)	762,367	123,394	28,886,972
Changes during period						
Dividends of surplus						(738,183)
Profit attributable to owners of parent						1,944,387
Purchase of treasury shares						(591,552)
Disposal of treasury shares						36,896
Net changes in items other than shareholders' equity	436,444	(24,964)	8,023	419,503	4,401	423,904
Total changes during period	436,444	(24,964)	8,023	419,503	4,401	1,075,452
Balance at end of period	1,388,090	(113,584)	(92,634)	1,181,871	127,795	29,962,424

Hokuetsu Industries Co., Ltd. (6364)  
Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,416,544	3,887,594	22,316,367	(967,748)	28,652,758
Changes during period					
Dividends of surplus			(786,435)		(786,435)
Profit attributable to owners of parent			2,748,804		2,748,804
Purchase of treasury shares				(442,726)	(442,726)
Disposal of treasury shares				56,119	56,119
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,962,369	(386,606)	1,575,762
Balance at end of period	3,416,544	3,887,594	24,278,736	(1,354,354)	30,228,520

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,388,090	(113,584)	(92,634)	1,181,871	127,795	29,962,424
Changes during period						
Dividends of surplus						(786,435)
Profit attributable to owners of parent						2,748,804
Purchase of treasury shares						(442,726)
Disposal of treasury shares						56,119
Net changes in items other than shareholders' equity	(388,193)	134,551	4,858	(248,782)	14,032	(234,750)
Total changes during period	(388,193)	134,551	4,858	(248,782)	14,032	1,341,012
Balance at end of period	999,897	20,966	(87,775)	933,088	141,827	31,303,436

**(4) Consolidated statement of cash flows**

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,895,436	4,046,997
Depreciation	938,707	1,022,086
Increase (decrease) in retirement benefit liability	(4,507)	(7,812)
Increase (decrease) in provision for share awards	25,283	25,279
Increase (decrease) in provision for share awards for directors (and other officers)	33,428	28,419
Increase (decrease) in allowance for doubtful accounts	80,117	(24,927)
Increase (decrease) in provision for product warranties	(6,170)	2,400
Interest and dividend income	(95,616)	(88,047)
Interest expenses	10,748	8,475
Share of loss (profit) of entities accounted for using equity method	(22,787)	(84,436)
Loss (gain) on sale of investment securities	-	(2,050)
Subsidy income	(170,667)	(27,929)
Loss (gain) on disposal of property, plant and equipment	25,472	10,296
Decrease (increase) in trade receivables	732,897	(1,261,849)
Decrease (increase) in inventories	994,239	(1,174,172)
Increase (decrease) in trade payables	(625,733)	1,674,433
Decrease (increase) in consumption taxes refund receivable	262,793	(628,967)
Increase (decrease) in accrued consumption taxes	109,414	(91,605)
Other, net	(233,661)	(236,232)
<b>Subtotal</b>	<b>4,949,395</b>	<b>3,190,356</b>
Interest and dividends received	95,649	88,167
Interest paid	(11,714)	(8,156)
Subsidies received	165,222	33,374
Income taxes paid	(1,099,544)	(1,027,577)
<b>Net cash provided by (used in) operating activities</b>	<b>4,099,008</b>	<b>2,276,164</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(630,250)	(630,273)
Proceeds from withdrawal of time deposits	630,222	630,266
Purchase of property, plant and equipment	(1,964,972)	(1,105,124)
Proceeds from sale of property, plant and equipment	435	5,424
Purchase of intangible assets	(26,321)	(22,311)
Purchase of investment securities	(421,654)	(750)
Proceeds from sale of investment securities	-	9,450
Proceeds from redemption of investment securities	393,955	497,950
Loan advances	-	(1,000)
Proceeds from collection of loans receivable	940	290
Proceeds from divestments	-	180
<b>Net cash provided by (used in) investing activities</b>	<b>(2,017,645)</b>	<b>(615,898)</b>

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Repayments of long-term borrowings	(375,000)	(375,000)
Redemption of bonds	-	(600,000)
Repayments of lease liabilities	(23,203)	(16,009)
Purchase of treasury shares	(591,552)	(442,726)
Dividends paid	(738,699)	(786,202)
Dividends paid to non-controlling interests	(2,660)	(2,090)
Net cash provided by (used in) financing activities	(1,731,115)	(2,222,028)
Effect of exchange rate change on cash and cash equivalents	26,709	125,672
Net increase (decrease) in cash and cash equivalents	376,956	(436,090)
Cash and cash equivalents at beginning of period	10,672,908	11,049,865
Cash and cash equivalents at end of period	11,049,865	10,613,775