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MEMBERSHIP

November 7, 2022

## Consolidated Financial Results for the Six Months Ended September 30, 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 to commence dividend payments: December 2, 2022  
 Scheduled date to file quarterly securities report: November 11, 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 six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

#### (1) Consolidated operating results

(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, 2022	22,437	32.9	2,461	46.2	3,134	74.8	2,149	74.0
September 30, 2021	16,888	10.1	1,683	120.4	1,793	111.5	1,235	139.3

Note: Comprehensive income For the six months ended September 30, 2022: ¥2,442 million [101.1%]  
 For the six months ended September 30, 2021: ¥1,214 million [81.6%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	75.71	—
September 30, 2021	42.88	—

## (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
September 30, 2022	49,641	33,172	66.5	1,163.40
March 31, 2022	45,827	31,303	68.0	1,097.97

Reference: Equity

As of September 30, 2022: ¥33,025 million

As of March 31, 2022: ¥31,161 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	10.00	–	20.00	30.00
Fiscal year ending March 31, 2023	–	15.00			
Fiscal year ending March 31, 2023 (Forecast)			–	20.00	35.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 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
Fiscal year ending March 31, 2023	44,500	21.4	5,250	47.1	5,400	33.2	3,672	33.6	129.38

Note: Revisions to the earnings forecasts most recently announced: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of specific accounting for preparing the quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

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

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

As of September 30, 2022	1,778,461 shares
As of March 31, 2022	1,784,261 shares

(iii) Average number of shares outstanding during the period

Six months ended September 30, 2022	28,388,814 shares
Six months ended September 30, 2021	28,807,657 shares

Note: The number of treasury shares at the end of the period includes the Company's shares (340,100 shares for the six months ended September 30, 2022 and 345,900 shares for the fiscal year ended March 31, 2022) 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 (338,243 shares for the six months ended September 30, 2022 and 319,543 shares for the six months ended September 30, 2021).

\* 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 quarterly financial results)

The Company is scheduled to hold a financial results briefing for institutional investors and analysts on Friday, November 25, 2022.

Supplementary material on quarterly 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, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	10,943,932	12,522,306
Notes and accounts receivable - trade, and contract assets	15,045,324	16,357,078
Merchandise and finished goods	4,044,849	4,550,661
Work in process	207,934	252,048
Raw materials and supplies	1,223,282	1,550,225
Other	1,082,865	733,316
Allowance for doubtful accounts	(56,172)	(45,036)
Total current assets	32,492,016	35,920,601
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,859,613	8,874,256
Accumulated depreciation	(4,443,267)	(4,569,621)
Buildings and structures, net	4,416,346	4,304,635
Machinery, equipment and vehicles	8,656,006	8,665,931
Accumulated depreciation	(6,391,950)	(6,524,759)
Machinery, equipment and vehicles, net	2,264,055	2,141,172
Land	2,006,579	2,209,759
Construction in progress	168,639	272,348
Other	1,564,706	1,602,780
Accumulated depreciation	(1,430,233)	(1,458,782)
Other, net	134,473	143,998
Total property, plant and equipment	8,990,094	9,071,913
Intangible assets	65,228	117,203
Investments and other assets		
Investment securities	2,984,889	2,891,715
Investments in capital of subsidiaries and associates	528,753	634,709
Deferred tax assets	561,703	722,005
Other	210,492	298,479
Allowance for doubtful accounts	(5,876)	(14,941)
Total investments and other assets	4,279,963	4,531,968
Total non-current assets	13,335,285	13,721,085
Total assets	45,827,302	49,641,687

Hokuetsu Industries Co., Ltd. (6364)  
Consolidated Financial Results for the Six Months Ended September 30, 2022

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,237,599	5,173,080
Electronically recorded obligations - operating	4,052,298	4,385,328
Short-term borrowings	100,000	100,000
Current portion of bonds payable	-	60,000
Income taxes payable	904,937	1,175,771
Provision for bonuses	683,160	935,751
Provision for bonuses for directors (and other officers)	50,240	40,524
Provision for product warranties	18,600	20,950
Other	1,892,029	1,735,986
Total current liabilities	11,938,864	13,627,392
Non-current liabilities		
Bonds payable	-	240,000
Deferred tax liabilities	2,440	2,777
Provision for share awards	174,896	182,545
Provision for share awards for directors (and other officers)	124,106	111,094
Retirement benefit liability	2,049,661	2,067,011
Asset retirement obligations	114,438	119,424
Other	119,457	118,756
Total non-current liabilities	2,585,000	2,841,611
Total liabilities	14,523,865	16,469,003
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,416,544	3,416,544
Capital surplus	3,887,594	3,887,594
Retained earnings	24,278,736	25,853,620
Treasury shares	(1,354,354)	(1,348,301)
Total shareholders' equity	30,228,520	31,809,457
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	999,897	1,013,954
Foreign currency translation adjustment	20,966	281,338
Remeasurements of defined benefit plans	(87,775)	(79,358)
Total accumulated other comprehensive income	933,088	1,215,933
Non-controlling interests	141,827	147,292
Total net assets	31,303,436	33,172,683
Total liabilities and net assets	45,827,302	49,641,687

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

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	16,888,033	22,437,381
Cost of sales	12,474,278	16,587,413
Gross profit	4,413,754	5,849,967
Selling, general and administrative expenses		
Packing and transportation costs	353,825	675,299
Provision of allowance for doubtful accounts	(44,961)	(1,997)
Provision for product warranties	1,870	2,350
Remuneration, salaries and allowances for directors (and other officers)	950,367	991,415
Provision for bonuses	330,184	386,922
Provision for bonuses for directors (and other officers)	26,740	20,244
Retirement benefit expenses	54,547	57,754
Provision for share awards	7,878	6,050
Provision for share awards for directors (and other officers)	12,136	13,053
Other	1,037,282	1,237,003
Total selling, general and administrative expenses	2,729,870	3,388,095
Operating profit	1,683,884	2,461,872
Non-operating income		
Interest income	3,082	4,078
Dividend income	32,582	43,287
Share of profit of entities accounted for using equity method	38,485	41,375
Foreign exchange gains	13,171	574,918
Other	45,897	20,765
Total non-operating income	133,219	684,425
Non-operating expenses		
Interest expenses	5,162	3,980
Bond issuance costs	-	3,024
Other	18,797	4,407
Total non-operating expenses	23,960	11,412
Ordinary profit	1,793,143	3,134,886
Extraordinary income		
Gain on disposal of non-current assets	5,105	309
Gain on sale of investment securities	2,050	9,371
Total extraordinary income	7,156	9,681
Extraordinary losses		
Loss on disposal of non-current assets	9,948	6,364
Total extraordinary losses	9,948	6,364
Profit before income taxes	1,790,352	3,138,202
Income taxes - current	625,230	1,148,720
Income taxes - deferred	(79,252)	(170,347)
Total income taxes	545,977	978,372
Profit	1,244,374	2,159,830
Profit attributable to non-controlling interests	9,240	10,404
Profit attributable to owners of parent	1,235,134	2,149,425

**Consolidated statement of comprehensive income**

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,244,374	2,159,830
Other comprehensive income		
Valuation difference on available-for-sale securities	(122,781)	14,056
Foreign currency translation adjustment	56,004	192,596
Remeasurements of defined benefit plans, net of tax	7,046	8,416
Share of other comprehensive income of entities accounted for using equity method	29,883	67,774
Total other comprehensive income	(29,847)	282,845
Comprehensive income	1,214,527	2,442,675
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,205,286	2,432,270
Comprehensive income attributable to non-controlling interests	9,240	10,404

### (3) Consolidated statement of cash flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,790,352	3,138,202
Depreciation	429,342	442,204
Increase (decrease) in retirement benefit liability	25,396	29,461
Increase (decrease) in provision for share awards	14,189	10,990
Increase (decrease) in provision for share awards for directors (and other officers)	12,004	13,054
Increase (decrease) in allowance for doubtful accounts	(44,961)	(2,070)
Increase (decrease) in provision for product warranties	1,870	2,350
Interest and dividend income	(35,664)	(47,366)
Interest expenses	5,162	3,980
Share of loss (profit) of entities accounted for using equity method	(38,485)	(41,375)
Loss (gain) on sale of investment securities	(2,050)	(9,371)
Loss (gain) on disposal of property, plant and equipment	4,842	6,054
Decrease (increase) in trade receivables	768,251	(822,036)
Decrease (increase) in inventories	(819,804)	(572,619)
Increase (decrease) in trade payables	657,756	1,248,115
Decrease (increase) in consumption taxes refund receivable	(225,146)	303,272
Increase (decrease) in accrued consumption taxes	(106,152)	(10,076)
Other, net	182,990	(538,535)
Subtotal	2,619,892	3,154,235
Interest and dividends received	35,745	47,389
Interest paid	(4,951)	(4,202)
Income taxes paid	(593,727)	(896,161)
Net cash provided by (used in) operating activities	2,056,959	2,301,260
<b>Cash flows from investing activities</b>		
Payments into time deposits	(330,154)	(330,159)
Proceeds from withdrawal of time deposits	330,149	330,156
Purchase of property, plant and equipment	(700,404)	(759,799)
Proceeds from sale of property, plant and equipment	5,292	244
Purchase of intangible assets	(16,880)	(14,687)
Purchase of investment securities	(376)	(375)
Proceeds from sale of investment securities	9,450	19,958
Proceeds from redemption of investment securities	327,930	108,970
Proceeds from collection of loans receivable	250	250
Proceeds from divestments	180	170
Net cash provided by (used in) investing activities	(374,563)	(645,273)



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Consolidated Financial Results for the Six Months Ended September 30, 2022

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	21,120	-
Repayments of long-term borrowings	(187,500)	-
Proceeds from issuance of bonds	-	300,000
Redemption of bonds	(500,000)	-
Repayments of lease liabilities	(8,502)	(9,004)
Purchase of treasury shares	(30,036)	(29,864)
Dividends paid	(493,172)	(575,517)
Dividends paid to non-controlling interests	(2,090)	(4,940)
Net cash provided by (used in) financing activities	(1,200,180)	(319,325)
Effect of exchange rate change on cash and cash equivalents	54,350	241,710
Net increase (decrease) in cash and cash equivalents	536,564	1,578,371
Cash and cash equivalents at beginning of period	11,049,865	10,613,775
Cash and cash equivalents at end of period	11,586,430	12,192,146