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MEMBERSHIP

May 10, 2023

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (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, 2023  
 Scheduled date to commence dividend payments: June 29, 2023  
 Scheduled date to file annual securities report: June 28, 2023  
 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, 2023 (from April 1, 2022 to March 31, 2023)

#### (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, 2023	49,000	33.7	4,842	35.6	5,380	32.7	3,752	36.5
March 31, 2022	36,650	11.3	3,570	43.4	4,055	38.8	2,748	41.4

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥4,102 million [63.1%]  
 For the fiscal year ended March 31, 2022: ¥2,516 million [6.1%]

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, 2023	132.47	–	11.5	10.9	9.9
March 31, 2022	95.76	–	9.0	9.1	9.7

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended March 31, 2023: ¥87 million  
 For the fiscal year ended March 31, 2022: ¥84 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, 2023	53,237	34,194	63.9	1,206.75
March 31, 2022	45,827	31,303	68.0	1,097.97

Reference: Equity

As of March 31, 2023: ¥34,039 million

As of March 31, 2022: ¥31,161 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, 2023	2,869	(867)	(158)	12,509
March 31, 2022	2,276	(615)	(2,222)	10,613

## 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, 2022	Yen –	Yen 10.00	Yen –	Yen 20.00	Yen 30.00	Millions of yen 865	% 31.3	% 2.8
Fiscal year ended March 31, 2023	–	15.00	–	30.00	45.00	1,288	34.0	3.9
Fiscal year ending March 31, 2024 (Forecast)	–	10.00	–	20.00	30.00		33.4	

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2023	23,300	3.8	1,660	(32.6)	1,730	(44.8)	1,210	(43.7)	42.90
Fiscal year ending March 31, 2024	47,000	(4.1)	3,620	(25.2)	3,770	(29.9)	2,530	(32.6)	89.69

\* **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: None
- (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, 2023	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 March 31, 2023	1,957,534 shares
As of March 31, 2022	1,784,261 shares

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

Fiscal year ended March 31, 2023	28,323,827 shares
Fiscal year ended March 31, 2022	28,703,998 shares

Note: The number of treasury shares at the end of the fiscal year includes the Company's shares (368,500 shares for the fiscal year ended March 31, 2023 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 (350,231 shares for the fiscal year ended March 31, 2023 and 329,823 shares for the fiscal year ended March 31, 2022).

**[Reference] Overview of non-consolidated financial results**

**Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)**

**(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, 2023	44,249	24.5	2,747	26.1	3,712	20.1	2,647	24.4
March 31, 2022	35,539	18.6	2,179	45.3	3,090	46.4	2,128	49.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2023	93.48	—
March 31, 2022	74.16	—

## (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, 2023	42,907	24,824	57.9	880.05
March 31, 2022	37,611	23,252	61.8	819.28

Reference: Equity

As of March 31, 2023: ¥24,824 million

As of March 31, 2022: ¥23,252 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 Hokuetsu Industries Co., Ltd. (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 29, 2023.

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, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	10,943,932	12,839,267
Notes receivable - trade	4,213,794	4,392,594
Accounts receivable - trade	10,831,530	14,923,396
Merchandise and finished goods	4,044,849	4,039,207
Work in process	207,934	205,234
Raw materials and supplies	1,223,282	1,507,602
Other	1,082,865	1,209,543
Allowance for doubtful accounts	(56,172)	(657)
Total current assets	32,492,016	39,116,189
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,859,613	9,250,898
Accumulated depreciation	(4,443,267)	(4,718,008)
Buildings and structures, net	4,416,346	4,532,889
Machinery, equipment and vehicles	8,656,006	8,756,354
Accumulated depreciation	(6,391,950)	(6,771,184)
Machinery, equipment and vehicles, net	2,264,055	1,985,170
Land	2,006,579	2,210,159
Construction in progress	168,639	483,791
Other	1,564,706	1,897,161
Accumulated depreciation	(1,430,233)	(1,555,171)
Other, net	134,473	341,989
Total property, plant and equipment	8,990,094	9,554,000
Intangible assets	65,228	171,765
Investments and other assets		
Investment securities	2,984,889	2,933,974
Investments in capital of subsidiaries and associates	528,753	636,000
Deferred tax assets	561,703	547,440
Other	210,492	306,628
Allowance for doubtful accounts	(5,876)	(28,763)
Total investments and other assets	4,279,963	4,395,280
Total non-current assets	13,335,285	14,121,046
<b>Total assets</b>	<b>45,827,302</b>	<b>53,237,235</b>

Hokuetsu Industries Co., Ltd. (6364)  
Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,237,599	5,977,497
Electronically recorded obligations - operating	4,052,298	4,847,108
Short-term borrowings	100,000	222,000
Current portion of bonds payable	-	60,000
Income taxes payable	904,937	968,185
Contract liabilities	305,666	209,076
Provision for bonuses	683,160	723,634
Provision for bonuses for directors (and other officers)	50,240	35,700
Provision for product warranties	18,600	25,410
Other	1,586,362	2,185,889
Total current liabilities	11,938,864	15,254,501
Non-current liabilities		
Bonds payable	-	210,000
Long-term borrowings	-	778,000
Deferred tax liabilities	2,440	2,757
Provision for share awards	174,896	191,466
Provision for share awards for directors (and other officers)	124,106	123,127
Retirement benefit liability	2,049,661	2,105,462
Asset retirement obligations	114,438	146,047
Other	119,457	231,681
Total non-current liabilities	2,585,000	3,788,542
Total liabilities	14,523,865	19,043,044
<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	27,025,374
Treasury shares	(1,354,354)	(1,555,922)
Total shareholders' equity	30,228,520	32,773,591
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	999,897	1,132,622
Foreign currency translation adjustment	20,966	209,141
Remeasurements of defined benefit plans	(87,775)	(75,607)
Total accumulated other comprehensive income	933,088	1,266,155
Non-controlling interests	141,827	154,444
Total net assets	31,303,436	34,194,191
Total liabilities and net assets	45,827,302	53,237,235

## (2) Consolidated statements of income and comprehensive income

### Consolidated statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	36,650,986	49,000,185
Cost of sales	27,102,151	37,476,571
Gross profit	9,548,835	11,523,613
Selling, general and administrative expenses		
Packing and transportation costs	871,201	1,127,683
Provision of allowance for doubtful accounts	(24,927)	(32,554)
Provision for product warranties	2,400	6,810
Remuneration, salaries and allowances for directors (and other officers)	2,272,562	2,387,104
Provision for bonuses	318,982	348,818
Provision for bonuses for directors (and other officers)	50,240	35,700
Retirement benefit expenses	107,689	116,346
Provision for share awards	14,231	12,590
Provision for share awards for directors (and other officers)	28,550	25,085
Other	2,337,709	2,653,985
Total selling, general and administrative expenses	5,978,639	6,681,569
Operating profit	3,570,195	4,842,044
Non-operating income		
Interest income	6,133	21,973
Dividend income	81,914	104,278
Share of profit of entities accounted for using equity method	84,436	87,188
Foreign exchange gains	252,485	325,054
Other	93,311	34,627
Total non-operating income	518,280	573,122
Non-operating expenses		
Interest expenses	8,475	9,263
Loss on valuation of investment securities	-	13,951
Other	24,757	11,940
Total non-operating expenses	33,233	35,155
Ordinary profit	4,055,242	5,380,011
Extraordinary income		
Gain on disposal of non-current assets	5,226	386
Gain on sale of investment securities	2,050	9,371
Total extraordinary income	7,277	9,758
Extraordinary losses		
Loss on disposal of non-current assets	15,522	12,658
Total extraordinary losses	15,522	12,658
Profit before income taxes	4,046,997	5,377,111
Income taxes - current	1,316,606	1,654,597
Income taxes - deferred	(34,535)	(47,128)
Total income taxes	1,282,070	1,607,469
Profit	2,764,927	3,769,642
Profit attributable to non-controlling interests	16,122	17,556
Profit attributable to owners of parent	2,748,804	3,752,085

**Consolidated statement of comprehensive income**

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	2,764,927	3,769,642
Other comprehensive income		
Valuation difference on available-for-sale securities	(388,193)	132,725
Foreign currency translation adjustment	81,587	160,421
Remeasurements of defined benefit plans, net of tax	4,858	12,168
Share of other comprehensive income of entities accounted for using equity method	52,963	27,752
Total other comprehensive income	(248,782)	333,067
Comprehensive income	2,516,144	4,102,709
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,500,021	4,085,152
Comprehensive income attributable to non-controlling interests	16,122	17,556



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

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

Hokuetsu Industries Co., Ltd. (6364)  
Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

Fiscal year ended March 31, 2023

(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	24,278,736	(1,354,354)	30,228,520
Changes during period					
Dividends of surplus			(1,005,446)		(1,005,446)
Profit attributable to owners of parent			3,752,085		3,752,085
Purchase of treasury shares				(238,897)	(238,897)
Disposal of treasury shares				37,329	37,329
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,746,638	(201,567)	2,545,070
Balance at end of period	3,416,544	3,887,594	27,025,374	(1,555,922)	32,773,591

	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	999,897	20,966	(87,775)	933,088	141,827	31,303,436
Changes during period						
Dividends of surplus						(1,005,446)
Profit attributable to owners of parent						3,752,085
Purchase of treasury shares						(238,897)
Disposal of treasury shares						37,329
Net changes in items other than shareholders' equity	132,725	188,174	12,168	333,067	12,616	345,683
Total changes during period	132,725	188,174	12,168	333,067	12,616	2,890,754
Balance at end of period	1,132,622	209,141	(75,607)	1,266,155	154,444	34,194,191

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

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,046,997	5,377,111
Depreciation	1,022,086	944,875
Increase (decrease) in retirement benefit liability	(7,812)	73,309
Increase (decrease) in provision for share awards	25,279	22,237
Increase (decrease) in provision for share awards for directors (and other officers)	28,419	25,087
Increase (decrease) in allowance for doubtful accounts	(24,927)	(32,627)
Increase (decrease) in provision for product warranties	2,400	6,810
Interest and dividend income	(88,047)	(126,251)
Interest expenses	8,475	9,263
Share of loss (profit) of entities accounted for using equity method	(84,436)	(87,188)
Loss (gain) on sale of investment securities	(2,050)	(9,371)
Loss (gain) on valuation of investment securities	(12,481)	13,951
Loss (gain) on disposal of property, plant and equipment	10,296	12,271
Decrease (increase) in trade receivables	(1,261,849)	(3,869,911)
Decrease (increase) in inventories	(1,174,172)	57,296
Increase (decrease) in trade payables	1,674,433	2,069,273
Decrease (increase) in consumption taxes refund receivable	(628,967)	(159,161)
Increase (decrease) in accrued consumption taxes	(91,605)	13,936
Other, net	(218,305)	(9,364)
<b>Subtotal</b>	<b>3,223,731</b>	<b>4,331,547</b>
Interest and dividends received	88,167	126,309
Interest paid	(8,156)	(8,870)
Income taxes paid	(1,027,577)	(1,579,916)
<b>Net cash provided by (used in) operating activities</b>	<b>2,276,164</b>	<b>2,869,069</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(630,273)	(630,284)
Proceeds from withdrawal of time deposits	630,266	630,278
Purchase of property, plant and equipment	(1,105,124)	(999,901)
Proceeds from sale of property, plant and equipment	5,424	389
Purchase of intangible assets	(22,311)	(106,211)
Purchase of investment securities	(750)	(778)
Proceeds from sale of investment securities	9,450	19,958
Proceeds from redemption of investment securities	497,950	217,940
Loan advances	(1,000)	-
Proceeds from collection of loans receivable	290	500
Proceeds from divestments	180	170
<b>Net cash provided by (used in) investing activities</b>	<b>(615,898)</b>	<b>(867,940)</b>

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	–	1,000,000
Repayments of long-term borrowings	(375,000)	(100,000)
Proceeds from issuance of bonds	–	300,000
Redemption of bonds	(600,000)	(30,000)
Repayments of lease liabilities	(16,009)	(83,063)
Purchase of treasury shares	(442,726)	(238,897)
Dividends paid	(786,202)	(1,002,073)
Dividends paid to non-controlling interests	(2,090)	(4,940)
Net cash provided by (used in) financing activities	(2,222,028)	(158,974)
Effect of exchange rate change on cash and cash equivalents	125,672	53,174
Net increase (decrease) in cash and cash equivalents	(436,090)	1,895,330
Cash and cash equivalents at beginning of period	11,049,865	10,613,775
Cash and cash equivalents at end of period	10,613,775	12,509,105