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MEMBERSHIP

January 31, 2024

## Consolidated Financial Results for the Nine Months Ended December 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 to commence dividend payments: —  
 Scheduled date to file quarterly securities report: February 13, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: None

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

### 1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

#### (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                         | %    |
| Nine months ended |                 |      |                  |      |                 |      |   |      |
| December 31, 2023 | 39,335          | 8.9  | 5,444            | 21.2 | 5,493           | 30.8 | 3,802                                   | 32.1 |
| December 31, 2022 | 36,135          | 35.3 | 4,492            | 74.8 | 4,199           | 50.0 | 2,878                                   | 51.3 |

Note: Comprehensive income For the nine months ended December 31, 2023: ¥4,577 million [35.8%]  
 For the nine months ended December 31, 2022: ¥3,371 million [87.6%]

|                   | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Nine months ended | Yen                      | Yen                        |
| December 31, 2023 | 135.53                   | —                          |
| December 31, 2022 | 101.49                   | —                          |

## (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                  |
| December 31, 2023 | 56,532          | 36,638          | 64.5                  | 1,310.14             |
| March 31, 2023    | 53,237          | 34,194          | 63.9                  | 1,206.75             |

Reference: Equity

As of December 31, 2023: ¥36,477 million

As of March 31, 2023: ¥34,039 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, 2023             | –                          | 15.00              | –                 | 30.00           | 45.00 |
| Fiscal year ending March 31, 2024            | –                          | 20.00              | –                 |                 |       |
| Fiscal year ending March 31, 2024 (Forecast) |                            |                    |                   | 20.00           | 40.00 |

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

## 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                      |
| Fiscal year ending March 31, 2024 | 49,600          | 1.2 | 6,550            | 35.3 | 6,700           | 24.5 | 4,535                                   | 20.9 | 160.77                   |

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 December 31, 2023 | 30,165,418 shares |
| As of March 31, 2023    | 30,165,418 shares |

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

|                         |                  |
|-------------------------|------------------|
| As of December 31, 2023 | 2,323,063 shares |
| As of March 31, 2023    | 1,957,534 shares |

(iii) Average number of shares outstanding during the period

|                                     |                   |
|-------------------------------------|-------------------|
| Nine months ended December 31, 2023 | 28,056,728 shares |
| Nine months ended December 31, 2022 | 28,358,705 shares |

Note: The number of treasury shares at the end of the period includes the Company's shares (517,200 shares as of December 31, 2023 and 368,500 shares as of March 31, 2023) 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 are deducted from the average number of shares outstanding during the period (465,730 shares for the nine months ended December 31, 2023 and 344,650 shares for the nine months ended December 31, 2022).

\* 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 quarterly financial results)

Supplementary material on quarterly financial results will be posted on the Company's website on Tuesday, February 13, 2024.

## Consolidated financial statements

### (1) Consolidated balance sheet

(Thousands of yen)

|  | As of March 31, 2023 | As of December 31, 2023 |
|--|----------------------|-------------------------|
| <b>Assets</b>  |                      |                         |
| <b>Current assets</b>                                      |                      |                         |
| Cash and deposits  | 12,839,267           | 13,212,161              |
| Notes and accounts receivable - trade, and contract assets | 19,315,990           | 19,152,843              |
| Merchandise and finished goods                             | 4,039,207            | 5,446,322               |
| Work in process  | 205,234              | 253,669                 |
| Raw materials and supplies                                 | 1,507,602            | 1,437,558               |
| Other  | 1,209,543            | 1,487,177               |
| Allowance for doubtful accounts                            | (657)                | (618)                   |
| <b>Total current assets</b>                                | <b>39,116,189</b>    | <b>40,989,114</b>       |
| <b>Non-current assets</b>                                  |                      |                         |
| <b>Property, plant and equipment</b>                       |                      |                         |
| Buildings and structures                                   | 9,250,898            | 10,744,128              |
| Accumulated depreciation                                   | (4,718,008)          | (5,026,144)             |
| Buildings and structures, net                              | 4,532,889            | 5,717,984               |
| Machinery, equipment and vehicles                          | 8,756,354            | 8,843,382               |
| Accumulated depreciation                                   | (6,771,184)          | (6,967,445)             |
| Machinery, equipment and vehicles, net                     | 1,985,170            | 1,875,937               |
| Land   | 2,210,159            | 2,210,159               |
| Construction in progress                                   | 483,791              | 174,140                 |
| Other  | 1,897,161            | 2,110,136               |
| Accumulated depreciation                                   | (1,555,171)          | (1,689,503)             |
| Other, net   | 341,989              | 420,633                 |
| <b>Total property, plant and equipment</b>                 | <b>9,554,000</b>     | <b>10,398,855</b>       |
| Intangible assets  | 171,765              | 261,782                 |
| <b>Investments and other assets</b>                        |                      |                         |
| Investment securities                                      | 2,933,974            | 3,549,987               |
| Investments in capital of subsidiaries and associates      | 636,000              | 654,351                 |
| Deferred tax assets  | 547,440              | 419,041                 |
| Other  | 306,628              | 263,454                 |
| Allowance for doubtful accounts                            | (28,763)             | (4,557)                 |
| <b>Total investments and other assets</b>                  | <b>4,395,280</b>     | <b>4,882,277</b>        |
| <b>Total non-current assets</b>                            | <b>14,121,046</b>    | <b>15,542,915</b>       |
| <b>Total assets</b>  | <b>53,237,235</b>    | <b>56,532,029</b>       |

Hokuetsu Industries Co., Ltd. (6364)  
Consolidated Financial Results for the Nine Months Ended December 31, 2023

(Thousands of yen)

|   | As of March 31, 2023 | As of December 31, 2023 |
|---|----------------------|-------------------------|
| <b>Liabilities</b>  |                      |                         |
| Current liabilities   |                      |                         |
| Notes and accounts payable - trade                            | 5,977,497            | 5,887,297               |
| Electronically recorded obligations - operating               | 4,847,108            | 4,949,843               |
| Short-term borrowings   | 222,000              | 747,000                 |
| Current portion of bonds payable                              | 60,000               | 93,400                  |
| Income taxes payable  | 968,185              | 755,571                 |
| Provision for bonuses   | 723,634              | 698,637                 |
| Provision for bonuses for directors (and other officers)      | 35,700               | 21,084                  |
| Provision for product warranties                              | 25,410               | 27,470                  |
| Other   | 2,394,966            | 2,791,782               |
| Total current liabilities                                     | 15,254,501           | 15,972,086              |
| Non-current liabilities                                       |                      |                         |
| Bonds payable   | 210,000              | 216,600                 |
| Long-term borrowings  | 778,000              | 791,067                 |
| Deferred tax liabilities                                      | 2,757                | 3,742                   |
| Provision for share awards                                    | 191,466              | 217,425                 |
| Provision for share awards for directors (and other officers) | 123,127              | 128,277                 |
| Retirement benefit liability                                  | 2,105,462            | 2,149,205               |
| Asset retirement obligations                                  | 146,047              | 197,013                 |
| Other   | 231,681              | 218,317                 |
| Total non-current liabilities                                 | 3,788,542            | 3,921,650               |
| Total liabilities   | 19,043,044           | 19,893,736              |
| Net assets  |                      |                         |
| Shareholders' equity  |                      |                         |
| Share capital   | 3,416,544            | 3,416,544               |
| Capital surplus   | 3,887,594            | 3,887,594               |
| Retained earnings   | 27,025,374           | 29,399,788              |
| Treasury shares   | (1,555,922)          | (2,256,152)             |
| Total shareholders' equity                                    | 32,773,591           | 34,447,774              |
| Accumulated other comprehensive income                        |                      |                         |
| Valuation difference on available-for-sale securities         | 1,132,622            | 1,604,518               |
| Foreign currency translation adjustment                       | 209,141              | 487,655                 |
| Remeasurements of defined benefit plans                       | (75,607)             | (62,671)                |
| Total accumulated other comprehensive income                  | 1,266,155            | 2,029,502               |
| Non-controlling interests                                     | 154,444              | 161,015                 |
| Total net assets  | 34,194,191           | 36,638,293              |
| Total liabilities and net assets                              | 53,237,235           | 56,532,029              |

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

**Consolidated statement of income**

(Thousands of yen)

|   | Nine months ended<br>December 31, 2022 | Nine months ended<br>December 31, 2023 |
|---|--|--|
| Net sales   | 36,135,866                             | 39,335,765                             |
| Cost of sales   | 26,652,288                             | 28,509,296                             |
| Gross profit  | 9,483,578                              | 10,826,469                             |
| Selling, general and administrative expenses                                |  |  |
| Packing and transportation costs  | 913,312                                | 663,876                                |
| Provision of allowance for doubtful accounts                                | (49,372)                               | (727)                                  |
| Provision for product warranties  | 3,660                                  | 2,060                                  |
| Remuneration, salaries and allowances for directors<br>(and other officers) | 1,807,074                              | 1,923,536                              |
| Provision for bonuses   | 251,708                                | 324,350                                |
| Provision for bonuses for directors (and other officers)                    | 30,366                                 | 21,084                                 |
| Retirement benefit expenses   | 87,158                                 | 90,070                                 |
| Provision for share awards  | 9,290                                  | 16,504                                 |
| Provision for share awards for directors (and other<br>officers)            | 21,079                                 | 41,751                                 |
| Other   | 1,917,207                              | 2,299,252                              |
| Total selling, general and administrative expenses                          | 4,991,483                              | 5,381,759                              |
| Operating profit  | 4,492,095                              | 5,444,709                              |
| Non-operating income  |  |  |
| Interest income   | 9,825                                  | 26,640                                 |
| Dividend income   | 68,819                                 | 107,082                                |
| Share of profit of entities accounted for using equity<br>method            | 70,738                                 | 92,640                                 |
| Other   | 18,175                                 | 16,709                                 |
| Total non-operating income  | 167,559                                | 243,073                                |
| Non-operating expenses  |  |  |
| Interest expenses   | 6,333                                  | 9,382                                  |
| Foreign exchange losses   | 432,253                                | 176,780                                |
| Other   | 22,015                                 | 8,087                                  |
| Total non-operating expenses  | 460,602                                | 194,250                                |
| Ordinary profit   | 4,199,051                              | 5,493,532                              |
| Extraordinary income  |  |  |
| Gain on disposal of non-current assets                                      | 374                                    | 4,468                                  |
| Gain on sale of investment securities                                       | 9,371                                  | 4,315                                  |
| Total extraordinary income  | 9,746                                  | 8,783                                  |
| Extraordinary losses  |  |  |
| Loss on disposal of non-current assets                                      | 8,103                                  | 17,323                                 |
| Other   | -                                      | 4,563                                  |
| Total extraordinary losses  | 8,103                                  | 21,886                                 |
| Profit before income taxes  | 4,200,694                              | 5,480,428                              |
| Income taxes - current  | 1,247,306                              | 1,746,959                              |
| Income taxes - deferred   | 60,520                                 | (80,795)                               |
| Total income taxes  | 1,307,827                              | 1,666,163                              |
| Profit  | 2,892,867                              | 3,814,265                              |
| Profit attributable to non-controlling interests                            | 14,735                                 | 11,815                                 |
| Profit attributable to owners of parent                                     | 2,878,131                              | 3,802,450                              |

**Consolidated statement of comprehensive income**

(Thousands of yen)

|  | Nine months ended<br>December 31, 2022 | Nine months ended<br>December 31, 2023 |
|--|--|--|
| Profit   | 2,892,867                              | 3,814,265                              |
| Other comprehensive income   |  |  |
| Valuation difference on available-for-sale securities                                | 148,943                                | 471,895                                |
| Foreign currency translation adjustment  | 249,616                                | 235,635                                |
| Remeasurements of defined benefit plans, net of tax                                  | 12,625                                 | 12,936                                 |
| Share of other comprehensive income of entities<br>accounted for using equity method | 67,482                                 | 42,878                                 |
| Total other comprehensive income   | 478,668                                | 763,347                                |
| Comprehensive income   | 3,371,535                              | 4,577,612                              |
| Comprehensive income attributable to   |  |  |
| Comprehensive income attributable to owners of parent                                | 3,356,800                              | 4,565,797                              |
| Comprehensive income attributable to non-controlling<br>interests                    | 14,735                                 | 11,815                                 |