

**Consolidated financial results (Japanese accounting standards)
For the fiscal year ended March 31, 2021**

Company name: Hokuriku Electric Industry Co., Ltd.
 Stock code: 6989
 URL: <http://www.hdk.co.jp/>
 Stock exchange listing: Tokyo Stock Exchange
 Representative: Morio Tada, President
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Scheduled date for ordinary general meeting of shareholders: June 25, 2021
 Scheduled date of commencement of dividend payment: June 28, 2021
 Scheduled date for filing of securities report: June 25, 2021
 Presentation of supplementary material on financial results: None
 Holding of financial results presentation meeting: None

(Yen in millions , rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2021
(April 1, 2020 – March 31, 2021)

(1) Consolidated results of operations (Cumulative)

(Percentage figures represent the change from the same period in the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	32,825	(15.2)	572	(31.3)	655	(28.6)	447	(32.6)
Year ended March 31, 2020	38,711	(14.0)	833	(38.0)	918	(41.3)	663	(14.5)

(Note) Comprehensive income: 883 millions yen (217.1%) for the fiscal year ended March 31, 2021
 278 millions yen (3.1%) for the fiscal year ended March 31, 2020

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	53.47	–	3.5	1.9	1.7
Year ended March 31, 2020	79.24	–	5.2	2.4	2.2

(Reference) Equity in net income of affiliates: – millions yen for the fiscal year ended March 31, 2021
 – millions yen for the fiscal year ended March 31, 2020

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	35,692	13,287	37.2	1,587.51
As of March 31, 2020	34,945	12,656	36.2	1,511.79

(Reference) Equity: fiscal year ended March 31, 2021: 13,287 millions of yen
 fiscal year ended March 31, 2020: 12,656 millions of yen

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	2,046	(590)	(558)	6,849
Year ended March 31, 2020	6,863	(1,273)	(3,610)	6,020

2. Dividends

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	-	0.00	-	30.00	30.00
Year ended March 31, 2021	-	0.00	-	30.00	30.00
Year ending March 31, 2022 (forecasts)	-	0.00	-	30.00	30.00

	Aggregate amount (Total)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	Millions of yen	%	%
Year ended March 31, 2020	251	37.9	2.0
Year ended March 31, 2021	251	56.1	1.9
Year ending March 31, 2022 (forecasts)		25.1	

3. Consolidated forecasts for the fiscal year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentage figures for the fiscal year represent the changes from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ending March 31, 2022	39,500	20.3	1,400	144.5	1,400	113.5	1,000	123.4

	Net income per share
Year ending March 31, 2022	Yen 119.48

* Note

(1) Changes of important subsidiaries during the period

(changes of specific subsidiaries that change the scope of consolidation): None

(2) Changes in accounting policies and changes or restatement of accounting estimates

- ① Changes in accounting policies caused by revision of accounting standards: None
- ② Changes in accounting policies other than ①: None
- ③ Changes in accounting estimates: None
- ④ Restatement: None

(3) Number of shares outstanding (common stock):

① Number of shares outstanding at end of period (including treasury stock)

As of March 31, 2021	9,250,099 shares	As of March 31, 2020	9,250,099 shares
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② Number of treasury stock at end of period

As of March 31, 2021	880,256 shares	As of March 31, 2020	878,280 shares
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③ Average number of shares outstanding during the term

As of March 31, 2021	8,371,034 shares	As of March 31, 2020	8,374,582 shares
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(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2021

(April 1, 2020 – March 31, 2021)

(1) Non-consolidated results of operations (Cumulative)

(Percentage figures represent the change from the same period in the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	27,021	(8.4)	(72)	–	487	(16.0)	470	(1.6)
Year ended March 31, 2020	29,497	(14.5)	196	(67.6)	580	(49.8)	477	(25.6)

	Net income per share	Diluted net income Per share
	Yen	Yen
Year ended March 31, 2021	56.17	–
Year ended March 31, 2020	57.07	–

(2) Non-Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2021	31,901	12,504	39.2	1,494.00
Year ended March 31, 2020	30,527	11,993	39.3	1,432.55

(Reference) Equity: fiscal year ended March 31, 2021: 12,504 millions of yen
fiscal year ended March 31, 2020: 11,993 millions of yen

* This document is not subject to audit procedures.

* Explanation for appropriate use of forecasts and other notes

The earnings forecast and other forward-looking statements presented in this document are prepared based on currently available information and certain preconditions that the company believes to be reasonable, and do not constitute any guarantee of future performance achievements.

Actual results may substantially differ from any forecasts presented herein due to various factors.

Consolidated financial statements
 Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	7,228	8,262
Notes and accounts receivable - trade	7,648	8,295
Merchandise and finished goods	1,183	1,033
Work in process	2,315	2,159
Raw materials and supplies	1,788	1,741
Other	1,279	1,228
Allowance for doubtful accounts	(15)	(16)
Total current assets	21,428	22,704
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,596	12,793
Accumulated depreciation and impairment	(9,949)	(10,259)
Buildings and structures, net	2,646	2,534
Machinery, equipment and vehicles	26,576	26,306
Accumulated depreciation and impairment	(23,021)	(23,211)
Machinery, equipment and vehicles, net	3,555	3,094
Land	2,917	2,918
Other	309	233
Total property, plant and equipment	9,428	8,780
Intangible assets	498	417
Investments and other assets		
Investment securities	983	1,111
Deferred tax assets	1,434	1,425
Other	1,359	1,289
Allowance for doubtful accounts	(188)	(36)
Total investments and other assets	3,589	3,790
Total non-current assets	13,516	12,988
Total assets	34,945	35,692

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,526	6,024
Short-term borrowings	3,640	3,683
Income taxes payable	172	133
Provision for bonuses	390	405
Other	1,304	1,222
Total current liabilities	11,034	11,469
Non-current liabilities		
Long-term borrowings	5,697	5,582
Lease obligations	476	325
Deferred tax liabilities	0	2
Deferred tax liabilities for land revaluation	327	327
Retirement benefit liability	4,631	4,586
Other	121	111
Total non-current liabilities	11,254	10,935
Total liabilities	22,289	22,405
Net assets		
Shareholders' equity		
Share capital	5,200	5,200
Capital surplus	5,039	5,039
Retained earnings	3,619	3,815
Treasury shares	(1,156)	(1,158)
Total shareholders' equity	12,701	12,896
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(181)	117
Revaluation reserve for land	685	685
Foreign currency translation adjustment	(361)	(233)
Remeasurements of defined benefit plans	(187)	(178)
Total accumulated other comprehensive income	(45)	390
Total net assets	12,656	13,287
Total liabilities and net assets	34,945	35,692

Consolidated statements of income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	38,711	32,825
Cost of sales	33,009	27,792
Gross profit	5,702	5,033
Selling, general and administrative expenses	4,869	4,460
Operating profit	833	572
Non-operating income		
Interest income	65	53
Dividend income	50	22
Rental income from facilities	40	41
Reversal of allowance for doubtful accounts	1	70
Subsidies for employment adjustment	—	146
Foreign exchange gains	19	—
Technical advisory fee income	31	39
Other	68	91
Total non-operating income	278	465
Non-operating expenses		
Interest expenses	71	55
Loss on sale of receivables	20	16
Expenses for persons of temporary transfer	30	34
Expenses for suspension of business	—	127
Foreign exchange losses	—	128
Compensation for damage	42	1
Other	29	17
Total non-operating expenses	193	382
Ordinary profit	918	655
Extraordinary income		
Gain on sale of non-current assets	1	1
Gain on sale of investment securities	—	2
Surrender value of insurance policies	6	135
Subsidy income	28	0
Other	2	1
Total extraordinary income	39	141
Extraordinary losses		
Loss on sale of non-current assets	0	—
Loss on retirement of non-current assets	53	39
Loss on valuation of investment securities	—	197
Other	3	1
Total extraordinary losses	57	238
Profit before income taxes	900	558
Income taxes - current	239	139
Income taxes - deferred	(3)	(27)
Total income taxes	236	111
Profit	663	447
Profit attributable to non-controlling interests	0	—
Profit attributable to owners of parent	663	447

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	663	447
Other comprehensive income		
Valuation difference on available-for-sale securities	(174)	299
Foreign currency translation adjustment	(286)	127
Remeasurements of defined benefit plans, net of tax	75	9
Total other comprehensive income	(385)	436
Comprehensive income	278	883
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	278	883
Comprehensive income attributable to non-controlling interests	0	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,200	5,038	3,207	(1,152)	12,294
Changes during period					
Dividends of surplus			(251)		(251)
Profit attributable to owners of parent			663		663
Purchase of treasury shares				(4)	(4)
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes in items other than shareholders' equity					
Total changes during period	—	0	412	(4)	407
Balance at end of period	5,200	5,039	3,619	(1,156)	12,701

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehensive income		
Balance at beginning of period	(7)	685	(75)	(262)	339	7	12,641
Changes during period							
Dividends of surplus							(251)
Profit attributable to owners of parent							663
Purchase of treasury shares							(4)
Change in ownership interest of parent due to transactions with non-controlling interests							0
Net changes in items other than shareholders' equity	(174)	—	(286)	75	(385)	(7)	(392)
Total changes during period	(174)	—	(286)	75	(385)	(7)	15
Balance at end of period	(181)	685	(361)	(187)	(45)	—	12,656

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021 (April 1, 2020 - March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,200	5,039	3,619	(1,156)	12,701
Changes during period					
Dividends of surplus			(251)		(251)
Profit attributable to owners of parent			447		447
Purchase of treasury shares				(1)	(1)
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	196	(1)	194
Balance at end of period	5,200	5,039	3,815	(1,158)	12,896

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehensive income		
Balance at beginning of period	(181)	685	(361)	(187)	(45)	—	12,656
Changes during period							
Dividends of surplus							(251)
Profit attributable to owners of parent							447
Purchase of treasury shares							(1)
Change in ownership interest of parent due to transactions with non-controlling interests							—
Net changes in items other than shareholders' equity	299	—	127	9	436	—	436
Total changes during period	299	—	127	9	436	—	630
Balance at end of period	117	685	(233)	(178)	390	—	13,287

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	900	558
Depreciation	1,163	1,087
Increase (decrease) in allowance for doubtful accounts	(7)	(151)
Increase (decrease) in provision for bonuses	(14)	15
Increase (decrease) in retirement benefit liability	(123)	(44)
Interest and dividend income	(116)	(75)
Interest expenses	71	55
Foreign exchange losses (gains)	(57)	85
Loss (gain) on sale of non-current assets	(1)	(1)
Loss on retirement of non-current assets	53	39
Loss (gain) on sale of investment securities	—	(2)
Loss (gain) on valuation of investment securities	—	197
Employment Adjustment Subsidy	—	(146)
Expenses for suspension of business	—	127
Surrender value of insurance policies	(6)	(135)
Subsidy income	(28)	(0)
Expenses for persons of temporary transfer	30	34
Compensation for damage	42	1
Loss on transfer of receivables	20	16
Decrease (increase) in trade receivables	5,419	(570)
Decrease (increase) in inventories	1,431	387
Increase (decrease) in trade payables	(1,989)	471
Decrease (increase) in consumption taxes refund receivable	63	(2)
Other, net	435	91
Subtotal	7,287	2,039
Interest and dividends received	116	75
Interest paid	(70)	(55)
Income taxes paid	(339)	(169)
Proceeds from surrender value of insurance	8	135
Compensation for damage paid	(33)	(10)
Employment adjustment subsidy receipts	—	146
Litigation settlement paid	(106)	—
Proceeds from compensation	—	11
Expenses paid for suspension of business	—	(127)
Net cash provided by (used in) operating activities	6,863	2,046

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from investing activities		
Purchase of non-current assets	(1,221)	(456)
Proceeds from sale of non-current assets	12	3
Purchase of investment securities	(60)	(1)
Proceeds from sale and redemption of investment securities	—	15
Loan advances	(25)	(26)
Proceeds from collection of loans receivable	39	96
Net decrease (increase) in time deposits	(50)	(133)
Other, net	31	(88)
Net cash provided by (used in) investing activities	(1,273)	(590)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,982)	100
Proceeds from long-term borrowings	2,900	3,000
Repayments of long-term borrowings	(3,050)	(3,172)
Repayments of lease obligations	(214)	(233)
Purchase of treasury shares	(4)	(1)
Dividends paid	(251)	(251)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(7)	—
Net cash provided by (used in) financing activities	(3,610)	(558)
Effect of exchange rate change on cash and cash equivalents	36	(68)
Net increase (decrease) in cash and cash equivalents	2,015	829
Cash and cash equivalents at beginning of period	4,004	6,020
Cash and cash equivalents at end of period	6,020	6,849