

**Consolidated financial results (Japanese accounting standards)
For the fiscal year ended March 31, 2023**

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
 Contact: Yoshinori Hayashi, Corporate Officer, General Manager, Financial Affairs Department
 Tel. +81-76-467-1111

Scheduled date for ordinary general meeting of shareholders: June 29, 2023
 Scheduled date of commencement of dividend payment: June 30, 2023
 Scheduled date for filing of securities report: June 29, 2023
 Presentation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes

(Yen in millions , rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2023
(April 1, 2022 – March 31, 2023)

(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, 2023	45,459	12.4	2,941	41.7	3,581	40.6	647	(66.8)
Year ended March 31, 2022	40,448	23.2	2,075	262.5	2,548	288.7	1,949	335.5

(Note) Comprehensive income: 1,530 millions yen ((47.5)%) for the fiscal year ended March 31, 2023
 2,916 millions yen (230.0%) for the fiscal year ended March 31, 2022

	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, 2023	77.36	–	3.9	8.5	6.5
Year ended March 31, 2022	232.89	–	13.3	6.6	5.1

(Reference) Equity in net income of affiliates: – millions yen for the fiscal year ended March 31, 2023
 – millions yen for the fiscal year ended March 31, 2022

(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, 2023	42,979	17,107	39.8	2,043.56
As of March 31, 2022	40,959	15,950	38.9	1,906.08

(Reference) Equity: fiscal year ended March 31, 2023: 17,107 millions of yen
 fiscal year ended March 31, 2022: 15,950 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, 2023	629	(1,045)	773	6,253
Year ended March 31, 2022	(909)	(1,064)	23	5,404

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, 2022	–	0.00	–	45.00	45.00
Year ended March 31, 2023	–	0.00	–	55.00	55.00
Year ending March 31, 2024 (forecasts)	–	0.00	–	55.00	55.00

	Aggregate amount (Total)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	Millions of yen	%	%
Year ended March 31, 2022	376	19.3	2.6
Year ended March 31, 2023	460	71.1	2.8
Year ending March 31, 2024 (forecasts)		27.1	

3. Consolidated forecasts for the fiscal year ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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, 2024	43,600	(4.1)	2,300	(21.8)	2,200	(38.6)	1,700	162.5

	Net income per share
Year ending March 31, 2024	Yen 203.07

* 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, 2023	9,250,099 shares	As of March 31, 2022	9,250,099 shares
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② Number of treasury stock at end of period

As of March 31, 2023	878,702 shares	As of March 31, 2022	881,924 shares
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③ Average number of shares outstanding during the term

As of March 31, 2023	8,370,416 shares	As of March 31, 2022	8,369,252 shares
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(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2023

(April 1, 2022 – March 31, 2023)

(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, 2023	38,720	11.7	1,179	50.2	1,963	36.3	(545)	–
Year ended March 31, 2022	34,649	28.2	785	–	1,440	195.5	1,106	135.4

	Net income per share	Diluted net income Per share
	Yen	Yen
Year ended March 31, 2023	(65.16)	–
Year ended March 31, 2022	132.24	–

(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, 2023	35,468	12,446	35.1	1,486.78
Year ended March 31, 2022	35,799	13,323	37.2	1,592.13

(Reference) Equity: fiscal year ended March 31, 2023: 12,446 millions of yen
fiscal year ended March 31, 2022: 13,323 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	7,006	8,052
Notes and accounts receivable - trade	11,065	10,064
Merchandise and finished goods	1,599	1,743
Work in process	3,250	3,958
Raw materials and supplies	3,068	4,319
Other	1,886	2,014
Allowance for doubtful accounts	(17)	(19)
Total current assets	27,858	30,132
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,115	13,513
Accumulated depreciation and impairment	(10,609)	(10,941)
Buildings and structures, net	2,505	2,572
Machinery, equipment and vehicles	26,620	27,275
Accumulated depreciation and impairment	(23,428)	(24,193)
Machinery, equipment and vehicles, net	3,191	3,081
Land	2,847	2,847
Other	261	260
Total property, plant and equipment	8,806	8,761
Intangible assets	482	376
Investments and other assets		
Investment securities	1,096	1,124
Deferred tax assets	1,528	1,232
Other	1,222	2,372
Allowance for doubtful accounts	(36)	(1,021)
Total investments and other assets	3,811	3,708
Total non-current assets	13,100	12,847
Total assets	40,959	42,979

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,491	7,737
Short-term borrowings	4,617	5,690
Income taxes payable	715	295
Provision for bonuses	458	446
Provision for Loss on business related to business partners	—	413
Other	1,544	1,219
Total current liabilities	14,827	15,803
Non-current liabilities		
Long-term borrowings	5,186	5,397
Lease liabilities	171	227
Deferred tax liabilities	4	10
Deferred tax liabilities for land revaluation	318	318
Retirement benefit liability	4,435	4,050
Other	64	63
Total non-current liabilities	10,181	10,068
Total liabilities	25,008	25,872
Net assets		
Shareholders' equity		
Share capital	5,200	5,200
Capital surplus	5,039	5,038
Retained earnings	5,533	5,804
Treasury shares	(1,160)	(1,156)
Total shareholders' equity	14,611	14,886
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	87	139
Revaluation reserve for land	665	665
Foreign currency translation adjustment	706	1,432
Remeasurements of defined benefit plans	(120)	(16)
Total accumulated other comprehensive income	1,338	2,221
Total net assets	15,950	17,107
Total liabilities and net assets	40,959	42,979

Consolidated statements of income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	40,448	45,459
Cost of sales	33,486	37,560
Gross profit	6,961	7,898
Selling, general and administrative expenses	4,885	4,956
Operating profit	2,075	2,941
Non-operating income		
Interest income	43	52
Dividend income	24	32
Foreign exchange gains	392	515
Other	151	186
Total non-operating income	612	787
Non-operating expenses		
Interest expenses	54	61
Loss on sale of receivables	20	22
Expenses for persons of temporary transfer	42	42
Foreign withholding tax	12	15
Other	10	4
Total non-operating expenses	140	147
Ordinary profit	2,548	3,581
Extraordinary income		
Gain on sale of non-current assets	0	0
Surrender value of insurance policies	47	40
Insurance claim income	14	2
Subsidy income	8	—
Other	1	—
Total extraordinary income	73	43
Extraordinary losses		
Loss on sale of non-current assets	7	3
Loss on retirement of non-current assets	68	21
Loss on business related to business partners	—	2,004
Loss on cancellation of insurance policies	31	—
Litigation settlement	—	93
Other	12	1
Total extraordinary losses	120	2,125
Profit before income taxes	2,501	1,499
Income taxes - current	708	574
Income taxes - deferred	(155)	277
Total income taxes	552	851
Profit	1,949	647
Profit attributable to owners of parent	1,949	647

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,949	647
Other comprehensive income		
Valuation difference on available-for-sale securities	(30)	52
Foreign currency translation adjustment	939	726
Remeasurements of defined benefit plans, net of tax	58	103
Total other comprehensive income	967	882
Comprehensive income	2,916	1,530
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,916	1,530

Consolidated statements of changes in equity
Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(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	3,815	(1,158)	12,896
Changes during period					
Dividends of surplus			(251)		(251)
Profit attributable to owners of parent			1,949		1,949
Purchase of treasury shares				(2)	(2)
Reversal of revaluation reserve for land			19		19
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,717	(2)	1,715
Balance at end of period	5,200	5,039	5,533	(1,160)	14,611

	Accumulated other comprehensive income					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	117	685	(233)	(178)	390	13,287
Changes during period						
Dividends of surplus						(251)
Profit attributable to owners of parent						1,949
Purchase of treasury shares						(2)
Reversal of revaluation reserve for land						19
Net changes in items other than shareholders' equity	(30)	(19)	939	58	948	948
Total changes during period	(30)	(19)	939	58	948	2,663
Balance at end of period	87	665	706	(120)	1,338	15,950

Consolidated statements of changes in equity
 Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(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	5,533	(1,160)	14,611
Changes during period					
Dividends of surplus			(376)		(376)
Profit attributable to owners of parent			647		647
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)		5	4
Net changes in items other than shareholders' equity					
Total changes during period	—	(0)	270	4	274
Balance at end of period	5,200	5,038	5,804	(1,156)	14,886

	Accumulated other comprehensive income					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	87	665	706	(120)	1,338	15,950
Changes during period						
Dividends of surplus						(376)
Profit attributable to owners of parent						647
Purchase of treasury shares						(1)
Disposal of treasury shares						4
Net changes in items other than shareholders' equity	52	—	726	103	882	882
Total changes during period	52	—	726	103	882	1,157
Balance at end of period	139	665	1,432	(16)	2,221	17,107

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,501	1,499
Depreciation	1,069	1,097
Increase (decrease) in allowance for doubtful accounts	1	(22)
Increase (decrease) in provision for bonuses	53	(12)
Increase (decrease) in retirement benefit liability	(151)	(384)
Interest and dividend income	(68)	(85)
Interest expenses	54	61
Foreign exchange losses (gains)	(54)	(250)
Loss (gain) on sale of non-current assets	6	3
Loss on retirement of non-current assets	68	21
Loss (gain) on sale of investment securities	(1)	—
Loss (gain) on valuation of investment securities	9	—
Subsidies for employment adjustment	(3)	—
Expenses for suspension of business	1	—
Surrender value of insurance policies	(47)	(40)
Insurance claim income	(14)	(2)
Litigation settlement	—	93
Subsidy income	(8)	—
Expenses for persons of temporary transfer	42	42
Loss on transfer of receivables	20	22
Foreign withholding tax	12	15
Loss on business related to business partners	—	2,004
Decrease (increase) in trade receivables	(2,402)	321
Decrease (increase) in inventories	(2,712)	(2,336)
Increase (decrease) in trade payables	1,360	181
Decrease (increase) in consumption taxes refund receivable	(524)	(127)
Other, net	(56)	(466)
Subtotal	(842)	1,637
Interest and dividends received	68	85
Interest paid	(54)	(62)
Income taxes paid	(154)	(980)
Proceeds from surrender value of insurance	47	40
Proceeds from insurance income	14	2
Proceeds from subsidies for employment adjustment	3	—
Litigation settlement paid	—	(93)
Subsidies received	8	—
Expenses paid for suspension of business	(1)	—
Net cash provided by (used in) operating activities	(909)	629

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Purchase of non-current assets	(1,153)	(757)
Proceeds from sale of non-current assets	74	0
Purchase of investment securities	(5)	(1)
Proceeds from sale and redemption of investment securities	3	—
Loan advances	(5)	(5)
Proceeds from collection of loans receivable	21	2
Net decrease (increase) in time deposits	(58)	(136)
Other, net	59	(147)
Net cash provided by (used in) investing activities	(1,064)	(1,045)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,000	1,100
Proceeds from long-term borrowings	2,600	3,200
Repayments of long-term borrowings	(3,062)	(3,015)
Repayments of lease liabilities	(260)	(133)
Purchase of treasury shares	(2)	(1)
Dividends paid	(251)	(376)
Net cash provided by (used in) financing activities	23	773
Effect of exchange rate change on cash and cash equivalents	505	491
Net increase (decrease) in cash and cash equivalents	(1,444)	848
Cash and cash equivalents at beginning of period	6,849	5,404
Cash and cash equivalents at end of period	5,404	6,253