

**Consolidated financial results (Japanese accounting standards)
For the fiscal year ended March 31, 2020**

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, General Manager, Financial Affairs Department
 Tel. +81-76-467-1111

Scheduled date for ordinary general meeting of shareholders: June 26, 2020
 Scheduled date of commencement of dividend payment: June 29, 2020
 Scheduled date for filing of securities report: June 26, 2020
 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, 2020
(April 1, 2019 – March 31, 2020)

(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, 2020	38,711	(14.0)	833	(38.0)	918	(41.3)	663	(14.5)
Year ended March 31, 2019	45,034	2.8	1,344	5.1	1,564	67.7	776	(29.5)

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

270 millions yen ((80.4)%) for the fiscal year ended March 31, 2019

	Net income per share	Diluted net income per share	Return on equity	Raito of ordinary income to total assets	Raito of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	79.24	–	5.2	2.4	2.2
Year ended March 31, 2019	92.70	–	6.2	3.9	3.0

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

– millions yen for the fiscal year ended March 31, 2019

(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, 2020	34,945	12,656	36.2	1,511.79
As of March 31, 2019	40,491	12,641	31.2	1,508.33

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

fiscal year ended March 31, 2019: 12,633 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, 2020	6,863	(1,273)	(3,610)	6,020
Year ended March 31, 2019	(1,222)	(1,355)	(1,318)	4,004

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, 2019	–	0.00	–	30.00	30.00
Year ended March 31, 2020	–	0.00	–	30.00	30.00
Year ending March 31, 2021 (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, 2019	251	32.4	2.0
Year ended March 31, 2020	251	37.9	2.0
Year ending March 31, 2021 (forecasts)		–	

3. Consolidated forecasts for the fiscal year ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(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, 2021	–	–	–	–	–	–	–	–

	Net income per share
Year ending March 31, 2021	Yen –

* 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, 2020	9,250,099 shares	As of March 31, 2019	9,250,099 shares
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② Number of treasury stock at end of period

As of March 31, 2020	878,280 shares	As of March 31, 2019	874,133 shares
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③ Average number of shares outstanding during the term

As of March 31, 2020	8,374,582 shares	As of March 31, 2019	8,376,571 shares
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(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2020

(April 1, 2019 – March 31, 2020)

(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, 2020	29,497	(14.5)	196	(67.6)	580	(49.8)	477	(25.6)
Year ended March 31, 2019	34,501	1.5	606	17.0	1,157	117.1	642	(0.9)

	Net income per share	Diluted net income Per share
	Yen	Yen
Year ended March 31, 2020	57.07	–
Year ended March 31, 2019	76.68	–

(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, 2020	30,527	11,993	39.3	1,432.55
Year ended March 31, 2019	34,942	11,939	34.2	1,425.44

(Reference) Equity: fiscal year ended March 31, 2020: 11,993 millions of yen
fiscal year ended March 31, 2019: 11,939 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, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	5,257	7,228
Notes and accounts receivable - trade	13,259	7,648
Merchandise and finished goods	1,443	1,183
Work in process	2,828	2,315
Raw materials and supplies	2,533	1,788
Other	1,695	1,279
Allowance for doubtful accounts	(16)	(15)
Total current assets	27,000	21,428
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,514	12,596
Accumulated depreciation and impairment loss	(9,928)	(9,949)
Buildings and structures, net	2,585	2,646
Machinery, equipment and vehicles	26,972	26,576
Accumulated depreciation and impairment loss	(23,427)	(23,021)
Machinery, equipment and vehicles, net	3,545	3,555
Land	2,921	2,917
Other	292	309
Total property, plant and equipment	9,344	9,428
Intangible assets	388	498
Investments and other assets		
Investment securities	1,141	983
Deferred tax assets	1,423	1,434
Other	1,386	1,359
Allowance for doubtful accounts	(194)	(188)
Total investments and other assets	3,757	3,589
Total non-current assets	13,490	13,516
Total assets	40,491	34,945

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,601	5,526
Short-term borrowings	6,575	3,640
Income taxes payable	227	172
Provision for bonuses	404	390
Other	1,448	1,304
Total current liabilities	16,256	11,034
Non-current liabilities		
Long-term borrowings	5,895	5,697
Lease obligations	483	476
Deferred tax liabilities	3	0
Deferred tax liabilities for land revaluation	327	327
Retirement benefit liability	4,754	4,631
Other	128	121
Total non-current liabilities	11,593	11,254
Total liabilities	27,850	22,289
Net assets		
Shareholders' equity		
Share capital	5,200	5,200
Capital surplus	5,038	5,039
Retained earnings	3,207	3,619
Treasury shares	(1,152)	(1,156)
Total shareholders' equity	12,294	12,701
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(181)
Revaluation reserve for land	685	685
Foreign currency translation adjustment	(75)	(361)
Remeasurements of defined benefit plans	(262)	(187)
Total accumulated other comprehensive income	339	(45)
Non-controlling interests	7	—
Total net assets	12,641	12,656
Total liabilities and net assets	40,491	34,945

Consolidated statements of income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	45,034	38,711
Cost of sales	38,572	33,009
Gross profit	6,461	5,702
Selling, general and administrative expenses	5,117	4,869
Operating profit	1,344	833
Non-operating income		
Interest income	68	65
Dividend income	49	50
Rental income from facilities	40	40
Foreign exchange gains	236	19
Technical advisory fee income	29	31
Other	65	69
Total non-operating income	490	278
Non-operating expenses		
Interest expenses	102	71
Loss on transfer of receivables	18	20
Expenses for persons of temporary transfer	28	30
Compensation for damage	74	42
Other	45	29
Total non-operating expenses	269	193
Ordinary profit	1,564	918
Extraordinary income		
Gain on sales of non-current assets	0	1
Surrender value of insurance policies	18	6
Subsidy income	1	28
Other	0	2
Total extraordinary income	20	39
Extraordinary losses		
Loss on sales of non-current assets	14	0
Loss on retirement of non-current assets	51	53
Litigation settlement	339	—
Other	7	3
Total extraordinary losses	412	57
Profit before income taxes	1,172	900
Income taxes - current	288	239
Income taxes - deferred	105	(3)
Total income taxes	394	236
Profit	777	663
Profit attributable to non-controlling interests	1	0
Profit attributable to owners of parent	776	663

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	777	663
Other comprehensive income		
Valuation difference on available-for-sale securities	(180)	(174)
Foreign currency translation adjustment	(367)	(286)
Remeasurements of defined benefit plans, net of tax	40	75
Total other comprehensive income	(507)	(385)
Comprehensive income	270	278
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	269	278
Comprehensive income attributable to non-controlling interests	1	0

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019 (April 1, 2018 - March 31, 2019)

(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	2,682	(1,150)	11,770
Changes during period					
Dividends of surplus			(251)		(251)
Profit attributable to owners of parent			776		776
Purchase of treasury shares				(1)	(1)
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)	525	(1)	523
Balance at end of period	5,200	5,038	3,207	(1,152)	12,294

	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	173	684	292	(303)	846	—	12,616
Changes during period							
Dividends of surplus							(251)
Profit attributable to owners of parent							776
Purchase of treasury shares							(1)
Change in ownership interest of parent due to transactions with non-controlling interests							(0)
Net changes in items other than shareholders' equity	(180)	0	(367)	40	(507)	7	(499)
Total changes during period	(180)	0	(367)	40	(507)	7	24
Balance at end of period	(7)	685	(75)	(262)	339	7	12,641

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 cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,172	900
Depreciation	1,033	1,163
Increase (decrease) in allowance for doubtful accounts	73	(7)
Increase (decrease) in provision for bonuses	(10)	(14)
Increase (decrease) in retirement benefit liability	(122)	(123)
Interest and dividend income	(118)	(116)
Interest expenses	102	71
Foreign exchange losses (gains)	(147)	(57)
Loss (gain) on sales of non-current assets	13	(1)
Loss on retirement of non-current assets	51	53
Surrender value of insurance policies	(18)	(6)
Premium severance pay	5	—
Subsidy income	—	(28)
Expenses for persons of temporary transfer	28	30
Compensation for damage	74	42
Loss on transfer of receivables	18	20
Litigation settlement	339	—
Decrease (increase) in trade receivables	(3,847)	5,419
Decrease (increase) in inventories	(417)	1,431
Increase (decrease) in trade payables	344	(1,989)
Decrease (increase) in consumption taxes refund receivable	(4)	63
Other, net	617	435
Subtotal	(812)	7,287
Interest and dividends received	118	116
Interest paid	(102)	(70)
Income taxes paid	(155)	(339)
Proceeds from surrender value of insurance	18	8
Compensation for damage paid	(74)	(33)
Payment of premium severance pay	(5)	—
Litigation settlement paid	(210)	(106)
Net cash provided by (used in) operating activities	(1,222)	6,863

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from investing activities		
Purchase of non-current assets	(887)	(1,221)
Proceeds from sales of non-current assets	11	12
Purchase of investment securities	(9)	(60)
Loan advances	(44)	(25)
Collection of loans receivable	18	39
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(204)	—
Net decrease (increase) in time deposits	(163)	(50)
Other, net	(77)	31
Net cash provided by (used in) investing activities	(1,355)	(1,273)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,163)	(2,982)
Proceeds from long-term borrowings	3,100	2,900
Repayments of long-term borrowings	(2,846)	(3,050)
Repayments of lease obligations	(155)	(214)
Purchase of treasury shares	(1)	(4)
Dividends paid	(251)	(251)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(0)	(7)
Net cash provided by (used in) financing activities	(1,318)	(3,610)
Effect of exchange rate change on cash and cash equivalents	64	36
Net increase (decrease) in cash and cash equivalents	(3,831)	2,015
Cash and cash equivalents at beginning of period	7,836	4,004
Cash and cash equivalents at end of period	4,004	6,020