

November 10, 2020

**Consolidated financial results (Japanese accounting standards)  
For the 2nd quarter of the fiscal year ending September 30, 2020 (Q2 FY2020)**

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 filing of securities report: November 10, 2020  
 Scheduled date of commencement of dividend payment: -  
 Supplementary documents for quarterly results: None  
 Quarterly results briefing: None

(Yen in millions , rounded down)

1. Consolidated financial results for the 2nd quarter of the fiscal year ending September 30, 2020  
 (April 1, 2020 – September 30, 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	%
September 30 , 2020	14,348	(28.7)	(302)	-	(256)	-	(344)	-
September 30 , 2019	20,121	(4.0)	526	103.5	455	(33.3)	310	44.3

(Note) Comprehensive income: (175) million yen (-%) for the six months ending September 30, 2020  
 (64) million yen (-%) for the six months ended September 30, 2019

	Net income	Diluted net income
	Per share	Per share
	Yen	Yen
September 30 , 2020	(41.12)	-
September 30 , 2019	37.09	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30 , 2020	32,725	12,229	37.4
March 31 , 2020	34,945	12,656	36.2

(Reference) Equity:six months ending September 30, 2020: 12,229 million yen  
 Fiscal year ended March 31, 2020: 12,656 million yen

2. Dividends

	Dividend per share					Total
	End of first quarter	End of second quarter	End of third quarter	Fiscal year end		
	Yen	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	-	0.00	-	30.00	30.00	30.00
Year ending March 31, 2021	-	0.00	-	30.00	30.00	30.00
Year ending March 31, 2021 (forecasts)			-	30.00	30.00	30.00

(Note) Revisions to dividend forecasts published most recently: None

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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ending March 31,2021	31,500	(18.6)	150	(82.0)	250	(72.8)

	Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Yen
Year ending March 31,2021	50	(92.5)	5.97

(Note) Revisions to financial forecasts published most recently: None

4. Others

(1) Changes of important subsidiaries during the period

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

(2) Application of particular accounting procedures in preparing quarterly consolidated financial statements: Yes

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

(i) Changes in accounting policies caused by revision of accounting standards: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

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

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

As of September 30,2020	9,250,099 shares	As of March 31,2020	9,250,099 shares
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(ii) Number of treasury stock at end of period

As of September 30,2020	878,720 shares	As of March 31,2020	874,280 shares
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(iii) Average number of shares outstanding during the term

As of September 30,2020	8,371,659 shares	As of September 30,2019	8,375,906 shares
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\* This document is not subject to audit procedures.

\* Explanation for appropriate use of forecasts and other special 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 September 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	7,228	7,415
Notes and accounts receivable - trade	7,648	6,621
Merchandise and finished goods	1,183	1,214
Work in process	2,315	2,032
Raw materials and supplies	1,788	1,667
Other	1,279	659
Allowance for doubtful accounts	(15)	(15)
Total current assets	21,428	19,594
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,646	2,587
Machinery, equipment and vehicles, net	3,555	3,266
Land	2,917	2,917
Other, net	309	276
Total property, plant and equipment	9,428	9,047
Intangible assets	498	442
Investments and other assets		
Investment securities	983	1,142
Deferred tax assets	1,434	1,386
Other	1,359	1,210
Allowance for doubtful accounts	(188)	(99)
Total investments and other assets	3,589	3,640
Total non-current assets	13,516	13,130
Total assets	34,945	32,725

## Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,526	4,179
Short-term borrowings	3,640	4,876
Income taxes payable	172	—
Provision for bonuses	390	408
Other	1,304	1,176
Total current liabilities	11,034	10,641
Non-current liabilities		
Long-term borrowings	5,697	4,419
Lease obligations	476	414
Deferred tax liabilities	0	1
Deferred tax liabilities for land revaluation	327	327
Retirement benefit liability	4,631	4,571
Other	121	120
Total non-current liabilities	11,254	9,854
<b>Total liabilities</b>	<b>22,289</b>	<b>20,495</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,200	5,200
Capital surplus	5,039	5,039
Retained earnings	3,619	3,024
Treasury shares	(1,156)	(1,157)
Total shareholders' equity	12,701	12,106
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(181)	127
Revaluation reserve for land	685	685
Foreign currency translation adjustment	(361)	(526)
Remeasurements of defined benefit plans	(187)	(162)
Total accumulated other comprehensive income	(45)	123
<b>Total net assets</b>	<b>12,656</b>	<b>12,229</b>
<b>Total liabilities and net assets</b>	<b>34,945</b>	<b>32,725</b>

## Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	20,121	14,348
Cost of sales	17,071	12,411
Gross profit	3,050	1,936
Selling, general and administrative expenses	2,523	2,239
Operating profit (loss)	526	(302)
Non-operating income		
Interest income	34	27
Dividend income	45	16
Reversal of allowance for doubtful accounts	—	70
Subsidies for employment adjustment	—	102
Other	68	83
Total non-operating income	148	300
Non-operating expenses		
Interest expenses	36	26
Expenses for suspension of business	—	95
Foreign exchange losses	118	94
Other	64	36
Total non-operating expenses	218	254
Ordinary profit (loss)	455	(256)
Extraordinary income		
Gain on sales of non-current assets	1	0
Surrender value of insurance policies	5	42
Other	—	0
Total extraordinary income	6	43
Extraordinary losses		
Loss on sales of non-current assets	—	0
Loss on retirement of non-current assets	18	0
Loss on valuation of investment securities	—	190
Other	1	1
Total extraordinary losses	19	192
Profit (loss) before income taxes	442	(405)
Income taxes	131	(61)
Profit (loss)	310	(344)
Profit attributable to non-controlling interests	0	—
Profit (loss) attributable to owners of parent	310	(344)

## Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit (loss)	310	(344)
Other comprehensive income		
Valuation difference on available-for-sale securities	(120)	308
Foreign currency translation adjustment	(278)	(165)
Remeasurements of defined benefit plans, net of tax	23	24
Total other comprehensive income	(375)	168
Comprehensive income	(64)	(175)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(65)	(175)
Comprehensive income attributable to non-controlling interests	0	—

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	442	(405)
Depreciation	562	538
Increase (decrease) in allowance for doubtful accounts	2	(88)
Increase (decrease) in provision for bonuses	12	17
Increase (decrease) in retirement benefit liability	(93)	(59)
Interest and dividend income	(79)	(44)
Interest expenses	36	26
Foreign exchange losses (gains)	10	(47)
Loss (gain) on sales of non-current assets	(1)	(0)
Loss on retirement of non-current assets	18	0
Loss (gain) on valuation of investment securities	—	190
Employment Adjustment Subsidy	—	(102)
Expenses for suspension of business	—	95
Surrender value of insurance policies	(5)	(42)
Decrease (increase) in trade receivables	3,259	941
Decrease (increase) in inventories	373	310
Increase (decrease) in trade payables	(1,668)	(1,333)
Decrease (increase) in consumption taxes refund receivable	532	519
Other, net	497	207
Subtotal	3,900	726
Interest and dividends received	79	44
Interest paid	(35)	(26)
Income taxes paid	(264)	(80)
Proceeds from surrender value of insurance	5	42
Compensation for damage paid	(24)	(8)
Employment adjustment subsidy receipts	—	102
Litigation settlement paid	(106)	—
Proceeds from compensation	—	11
Expenses paid for suspension of business	—	(87)
Net cash provided by (used in) operating activities	3,554	723
Cash flows from investing activities		
Purchase of non-current assets	(370)	(263)
Proceeds from sales of non-current assets	2	0
Purchase of investment securities	(2)	(0)
Loan advances	(25)	(14)
Collection of loans receivable	31	90
Net decrease (increase) in time deposits	—	(25)
Other, net	73	43
Net cash provided by (used in) investing activities	(290)	(169)

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(682)	1,600
Repayments of long-term borrowings	(1,509)	(1,643)
Repayments of lease obligations	(103)	(74)
Purchase of treasury shares	(0)	(0)
Dividends paid	(251)	(251)
Net cash provided by (used in) financing activities	(2,546)	(369)
Effect of exchange rate change on cash and cash equivalents	(52)	(34)
Net increase (decrease) in cash and cash equivalents	664	148
Cash and cash equivalents at beginning of period	4,004	6,020
Cash and cash equivalents at end of period	4,668	6,168