

November 9, 2021

**Consolidated financial results (Japanese accounting standards)  
For the 2nd quarter of the fiscal year ending September 30, 2021 (Q2 FY2021)**

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 9, 2021  
 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, 2021  
 (April 1, 2021 – September 30, 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	%
September 30 , 2021	18,553	29.3	901	-	1,008	-	707	-
September 30 , 2020	14,348	(28.7)	(302)	-	(256)	-	(344)	-

(Note) Comprehensive income: 1,040 million yen (-%) for the six months ending September 30, 2021  
 (175) million yen (-%) for the six months ended September 30, 2020

	Net income	Diluted net income
	Per share	Per share
	Yen	Yen
September 30 , 2021	84.57	-
September 30 , 2020	(41.12)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30 , 2021	37,440	14,076	37.6
March 31 , 2021	35,692	13,287	37.2

(Reference) Equity:six months ending September 30, 2021: 14,076 million yen  
 Fiscal year ended March 31, 2021: 13,287 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, 2021	-	0.00	-	30.00	30.00	30.00
Year ending March 31, 2022	-	0.00	-			
Year ending March 31, 2022 (forecasts)			-	40.00	40.00	40.00

(Note) Revisions to dividend forecasts published most recently: Yes

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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ending March 31,2022	39,500	20.3	1,800	214.3	1,800	174.6

	Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Yen
Year ending March 31,2022	1,300	190.4	155.32

(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: Yes

(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 30,2021	9,250,099 shares	As of March 31,2021	9,250,099 shares
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(ii) Number of treasury stock at end of period

As of September 30,2021	880,576 shares	As of March 31,2021	880,256 shares
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(iii) Average number of shares outstanding during the term

As of September 30,2021	8,369,734 shares	As of September 30,2020	8,371,659 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, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	8,262	8,843
Notes and accounts receivable - trade	8,295	—
Notes and accounts receivable - trade, and contract assets	—	8,287
Merchandise and finished goods	1,033	1,562
Work in process	2,159	2,532
Raw materials and supplies	1,741	2,307
Other	1,228	1,034
Allowance for doubtful accounts	(16)	(16)
<b>Total current assets</b>	<b>22,704</b>	<b>24,551</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,534	2,501
Machinery, equipment and vehicles, net	3,094	3,069
Land	2,918	2,917
Other, net	233	264
<b>Total property, plant and equipment</b>	<b>8,780</b>	<b>8,753</b>
Intangible assets	417	420
Investments and other assets		
Investment securities	1,111	1,036
Deferred tax assets	1,425	1,423
Other	1,289	1,292
Allowance for doubtful accounts	(36)	(36)
<b>Total investments and other assets</b>	<b>3,790</b>	<b>3,715</b>
<b>Total non-current assets</b>	<b>12,988</b>	<b>12,888</b>
<b>Total assets</b>	<b>35,692</b>	<b>37,440</b>

## Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	6,024	6,377
Short-term borrowings	3,683	5,293
Income taxes payable	133	381
Provision for bonuses	405	428
Other	1,222	1,408
Total current liabilities	11,469	13,889
Non-current liabilities		
Long-term borrowings	5,582	4,345
Lease obligations	325	240
Deferred tax liabilities	2	2
Deferred tax liabilities for land revaluation	327	327
Retirement benefit liability	4,586	4,486
Other	111	72
Total non-current liabilities	10,935	9,474
<b>Total liabilities</b>	<b>22,405</b>	<b>23,363</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,200	5,200
Capital surplus	5,039	5,039
Retained earnings	3,815	4,272
Treasury shares	(1,158)	(1,158)
Total shareholders' equity	12,896	13,352
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	117	40
Revaluation reserve for land	685	685
Foreign currency translation adjustment	(233)	149
Remeasurements of defined benefit plans	(178)	(151)
Total accumulated other comprehensive income	390	723
<b>Total net assets</b>	<b>13,287</b>	<b>14,076</b>
<b>Total liabilities and net assets</b>	<b>35,692</b>	<b>37,440</b>

## Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	14,348	18,553
Cost of sales	12,411	15,297
Gross profit	1,936	3,256
Selling, general and administrative expenses	2,239	2,354
Operating profit (loss)	(302)	901
Non-operating income		
Interest income	27	20
Dividend income	16	18
Reversal of allowance for doubtful accounts	70	—
Subsidies for employment adjustment	102	2
Foreign exchange gains	—	63
Other	83	68
Total non-operating income	300	173
Non-operating expenses		
Interest expenses	26	26
Expenses for persons of temporary transfer	15	19
Expenses for suspension of business	95	1
Foreign exchange losses	94	—
Other	21	18
Total non-operating expenses	254	65
Ordinary profit (loss)	(256)	1,008
Extraordinary income		
Gain on sale of non-current assets	0	—
Surrender value of insurance policies	42	45
Insurance claim income	—	14
Other	0	1
Total extraordinary income	43	61
Extraordinary losses		
Loss on sale of non-current assets	0	—
Loss on retirement of non-current assets	0	6
Loss on valuation of investment securities	190	7
Loss on cancellation of insurance policies	—	31
Other	1	2
Total extraordinary losses	192	47
Profit (loss) before income taxes	(405)	1,023
Income taxes	(61)	315
Profit (loss)	(344)	707
Profit (loss) attributable to owners of parent	(344)	707

## Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit (loss)	(344)	707
Other comprehensive income		
Valuation difference on available-for-sale securities	308	(76)
Foreign currency translation adjustment	(165)	383
Remeasurements of defined benefit plans, net of tax	24	26
Total other comprehensive income	168	332
Comprehensive income	(175)	1,040
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(175)	1,040

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(405)	1,023
Depreciation	538	497
Increase (decrease) in allowance for doubtful accounts	(88)	0
Increase (decrease) in provision for bonuses	17	22
Increase (decrease) in retirement benefit liability	(59)	(99)
Interest and dividend income	(44)	(38)
Interest expenses	26	26
Foreign exchange losses (gains)	(47)	16
Loss (gain) on sale of non-current assets	(0)	—
Loss on retirement of non-current assets	0	6
Loss (gain) on valuation of investment securities	190	7
Employment Adjustment Subsidy	(102)	(2)
Expenses for suspension of business	95	1
Surrender value of insurance policies	(42)	(45)
Insurance claim income	—	(14)
Expenses for persons of temporary transfer	15	19
Decrease (increase) in trade receivables	941	33
Decrease (increase) in inventories	310	(1,356)
Increase (decrease) in trade payables	(1,333)	316
Decrease (increase) in consumption taxes refund receivable	519	265
Other, net	191	(9)
<b>Subtotal</b>	<b>726</b>	<b>671</b>
Interest and dividends received	44	38
Interest paid	(26)	(26)
Income taxes paid	(80)	(95)
Proceeds from surrender value of insurance	42	45
Compensation for damage paid	(8)	—
Proceeds from insurance income	—	14
Employment adjustment subsidy receipts	102	—
Proceeds from compensation	11	—
Expenses paid for suspension of business	(87)	(1)
<b>Net cash provided by (used in) operating activities</b>	<b>723</b>	<b>645</b>
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	(263)	(332)
Proceeds from sale of non-current assets	0	—
Purchase of investment securities	(0)	(4)
Proceeds from sale of investment securities	—	3
Loan advances	(14)	(5)
Proceeds from collection of loans receivable	90	18
Net decrease (increase) in time deposits	(25)	(80)
Other, net	43	(7)
<b>Net cash provided by (used in) investing activities</b>	<b>(169)</b>	<b>(408)</b>

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	1,600	1,900
Repayments of long-term borrowings	(1,643)	(1,527)
Repayments of lease obligations	(74)	(67)
Purchase of treasury shares	(0)	(0)
Dividends paid	(251)	(251)
Net cash provided by (used in) financing activities	(369)	53
Effect of exchange rate change on cash and cash equivalents	(34)	207
Net increase (decrease) in cash and cash equivalents	148	497
Cash and cash equivalents at beginning of period	6,020	6,849
Cash and cash equivalents at end of period	6,168	7,347