

**Consolidated financial results (Japanese accounting standards)
For the fiscal year ended March 31, 2022**

Company name: Hokuriku Electric Industry Co., Ltd.
 Stock code: 6989
 URL: <http://www.hdk.co.jp/>
 Stock exchange listing: Tokyo Stock Exchange
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Scheduled date for ordinary general meeting of shareholders: June 29, 2022
 Scheduled date of commencement of dividend payment: June 30, 2022
 Scheduled date for filing of securities report: June 29, 2022
 Presentation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: None

(Yen in millions , rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2022
(April 1, 2021 – March 31, 2022)

(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, 2022	40,448	23.2	2,075	262.5	2,548	288.7	1,949	335.5
Year ended March 31, 2021	32,825	(15.2)	572	(31.3)	655	(28.6)	447	(32.6)

(Note) Comprehensive income: 2,916 millions yen (230.0%) for the fiscal year ended March 31, 2022
 883 millions yen (217.1%) for the fiscal year ended March 31, 2021

	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, 2022	232.89	–	13.3	6.6	5.1
Year ended March 31, 2021	53.47	–	3.5	1.9	1.7

(Reference) Equity in net income of affiliates: – millions yen for the fiscal year ended March 31, 2022
 – millions yen for the fiscal year ended March 31, 2021

(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, 2022	40,959	15,950	38.9	1,906.08
As of March 31, 2021	35,692	13,287	37.2	1,587.51

(Reference) Equity: fiscal year ended March 31, 2022: 15,950 millions of yen
 fiscal year ended March 31, 2021: 13,287 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, 2022	(909)	(1,064)	23	5,404
Year ended March 31, 2021	2,046	(590)	(558)	6,849

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, 2021	–	0.00	–	30.00	30.00
Year ended March 31, 2022	–	0.00	–	45.00	45.00
Year ending March 31, 2023 (forecasts)	–	0.00	–	45.00	45.00

	Aggregate amount (Total)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	Millions of yen	%	%
Year ended March 31, 2021	251	56.1	1.9
Year ended March 31, 2022	376	19.3	2.6
Year ending March 31, 2023 (forecasts)		25.1	

3. Consolidated forecasts for the fiscal year ending March 31, 2022 (April 1, 2022 – March 31, 2023)

(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, 2023	43,000	6.3	2,300	10.8	2,200	(13.7)	1,500	(23.0)

	Net income per share
Year ending March 31, 2023	Yen 179.25

* 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: Yes

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, 2022	9,250,099 shares	As of March 31, 2021	9,250,099 shares
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② Number of treasury stock at end of period

As of March 31, 2022	881,924 shares	As of March 31, 2021	880,256 shares
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③ Average number of shares outstanding during the term

As of March 31, 2022	8,369,252 shares	As of March 31, 2021	8,371,034 shares
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(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2022

(April 1, 2021 – March 31, 2022)

(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, 2022	34,649	28.2	785	–	1,440	195.5	1,106	135.4
Year ended March 31, 2021	27,021	(8.4)	(72)	–	487	(16.0)	470	(1.6)

	Net income per share	Diluted net income Per share
	Yen	Yen
Year ended March 31, 2022	132.24	–
Year ended March 31, 2021	56.17	–

(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, 2022	35,799	13,323	37.2	1,592.13
Year ended March 31, 2021	31,901	12,504	39.2	1,494.00

(Reference) Equity: fiscal year ended March 31, 2022: 13,323 millions of yen
fiscal year ended March 31, 2021: 12,504 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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	8,262	7,006
Notes and accounts receivable - trade	8,295	11,065
Merchandise and finished goods	1,033	1,599
Work in process	2,159	3,250
Raw materials and supplies	1,741	3,068
Other	1,228	1,886
Allowance for doubtful accounts	(16)	(17)
Total current assets	22,704	27,858
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,793	13,115
Accumulated depreciation and impairment	(10,259)	(10,609)
Buildings and structures, net	2,534	2,505
Machinery, equipment and vehicles	26,306	26,620
Accumulated depreciation and impairment	(23,211)	(23,428)
Machinery, equipment and vehicles, net	3,094	3,191
Land	2,918	2,847
Other	233	261
Total property, plant and equipment	8,780	8,806
Intangible assets	417	482
Investments and other assets		
Investment securities	1,111	1,096
Deferred tax assets	1,425	1,528
Other	1,289	1,222
Allowance for doubtful accounts	(36)	(36)
Total investments and other assets	3,790	3,811
Total non-current assets	12,988	13,100
Total assets	35,692	40,959

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,024	7,491
Short-term borrowings	3,683	4,617
Income taxes payable	133	715
Provision for bonuses	405	458
Other	1,222	1,544
Total current liabilities	11,469	14,827
Non-current liabilities		
Long-term borrowings	5,582	5,186
Lease liabilities	325	171
Deferred tax liabilities	2	4
Deferred tax liabilities for land revaluation	327	318
Retirement benefit liability	4,586	4,435
Other	111	64
Total non-current liabilities	10,935	10,181
Total liabilities	22,405	25,008
Net assets		
Shareholders' equity		
Share capital	5,200	5,200
Capital surplus	5,039	5,039
Retained earnings	3,815	5,533
Treasury shares	(1,158)	(1,160)
Total shareholders' equity	12,896	14,611
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	117	87
Revaluation reserve for land	685	665
Foreign currency translation adjustment	(233)	706
Remeasurements of defined benefit plans	(178)	(120)
Total accumulated other comprehensive income	390	1,338
Total net assets	13,287	15,950
Total liabilities and net assets	35,692	40,959

Consolidated statements of income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	32,825	40,448
Cost of sales	27,792	33,486
Gross profit	5,033	6,961
Selling, general and administrative expenses	4,460	4,885
Operating profit	572	2,075
Non-operating income		
Interest income	53	43
Dividend income	22	24
Reversal of allowance for doubtful accounts	70	—
Subsidies for employment adjustment	146	3
Foreign exchange gains	—	392
Other	172	147
Total non-operating income	465	612
Non-operating expenses		
Interest expenses	55	54
Loss on sale of receivables	16	20
Expenses for persons of temporary transfer	34	42
Expenses for suspension of business	127	1
Foreign exchange losses	128	—
Other	19	21
Total non-operating expenses	382	140
Ordinary profit	655	2,548
Extraordinary income		
Gain on sale of non-current assets	1	0
Surrender value of insurance policies	135	47
Insurance claim income	1	14
Subsidy income	0	8
Other	2	1
Total extraordinary income	141	73
Extraordinary losses		
Loss on sale of non-current assets	—	7
Loss on retirement of non-current assets	39	68
Loss on valuation of investment securities	197	9
Loss on cancellation of insurance policies	—	31
Other	1	2
Total extraordinary losses	238	120
Profit before income taxes	558	2,501
Income taxes - current	139	708
Income taxes - deferred	(27)	(155)
Total income taxes	111	552
Profit	447	1,949
Profit attributable to owners of parent	447	1,949

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	447	1,949
Other comprehensive income		
Valuation difference on available-for-sale securities	299	(30)
Foreign currency translation adjustment	127	939
Remeasurements of defined benefit plans, net of tax	9	58
Total other comprehensive income	436	967
Comprehensive income	883	2,916
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	883	2,916

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)
Reversal of revaluation reserve for land					—
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					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)
Reversal of revaluation reserve for land						—
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 changes in equity

Fiscal year ended March 31, 2021 (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 cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	558	2,501
Depreciation	1,087	1,069
Increase (decrease) in allowance for doubtful accounts	(151)	1
Increase (decrease) in provision for bonuses	15	53
Increase (decrease) in retirement benefit liability	(44)	(151)
Interest and dividend income	(75)	(68)
Interest expenses	55	54
Foreign exchange losses (gains)	85	(54)
Loss (gain) on sale of non-current assets	(1)	6
Loss on retirement of non-current assets	39	68
Loss (gain) on sale of investment securities	(2)	(1)
Loss (gain) on valuation of investment securities	197	9
Employment Adjustment Subsidy	(146)	(3)
Expenses for suspension of business	127	1
Surrender value of insurance policies	(135)	(47)
Insurance claim income	(1)	(14)
Subsidy income	(0)	(8)
Expenses for persons of temporary transfer	34	42
Compensation for damage	1	—
Loss on transfer of receivables	16	20
Decrease (increase) in trade receivables	(570)	(2,402)
Decrease (increase) in inventories	387	(2,712)
Increase (decrease) in trade payables	471	1,360
Decrease (increase) in consumption taxes refund receivable	(2)	(524)
Other, net	92	(44)
Subtotal	2,039	(842)
Interest and dividends received	75	68
Interest paid	(55)	(54)
Income taxes paid	(169)	(154)
Proceeds from surrender value of insurance	135	47
Compensation paid for damage	(10)	—
Proceeds from insurance income	—	14
Employment adjustment subsidy receipts	146	3
Proceeds from compensation	11	—
Subsidies received	—	8
Expenses paid for suspension of business	(127)	(1)
Net cash provided by (used in) operating activities	2,046	(909)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Purchase of non-current assets	(456)	(1,153)
Proceeds from sale of non-current assets	3	74
Purchase of investment securities	(1)	(5)
Proceeds from sale and redemption of investment securities	15	3
Loan advances	(26)	(5)
Proceeds from collection of loans receivable	96	21
Net decrease (increase) in time deposits	(133)	(58)
Other, net	(88)	59
Net cash provided by (used in) investing activities	(590)	(1,064)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	100	1,000
Proceeds from long-term borrowings	3,000	2,600
Repayments of long-term borrowings	(3,172)	(3,062)
Repayments of lease liabilities	(233)	(260)
Purchase of treasury shares	(1)	(2)
Dividends paid	(251)	(251)
Net cash provided by (used in) financing activities	(558)	23
Effect of exchange rate change on cash and cash equivalents	(68)	505
Net increase (decrease) in cash and cash equivalents	829	(1,444)
Cash and cash equivalents at beginning of period	6,020	6,849
Cash and cash equivalents at end of period	6,849	5,404