

**Consolidated financial results (Japanese accounting standards)
For the fiscal year ended March 31, 2019**

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 ordinary general meeting of shareholders: June 27, 2019
 Scheduled date of commencement of dividend payment: June 28, 2019
 Scheduled date for filing of securities report: June 27, 2019
 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, 2019
(April 1, 2018 – March 31, 2019)

(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, 2019 | 45,034 | 2.8 | 1,344 | 5.1 | 1,564 | 67.7 | 776 | (29.5) |
| Year ended March 31, 2018 | 43,805 | 20.1 | 1,278 | 330.2 | 933 | 418.3 | 1,101 | 890.3 |

(Note) Comprehensive income: 270 million yen ((80.4)%) for the fiscal year ended March 31, 2019
 1,380 million yen (-%) for the fiscal year ended March 31, 2018

| | 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, 2019 | 92.70 | - | 6.2 | 3.9 | 3.0 |
| Year ended March 31, 2018 | 131.46 | - | 9.1 | 2.4 | 2.9 |

(Note) The company conducted a share consolidation at a ratio of 10 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, Net income per share is calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

(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, 2019 | 40,491 | 12,641 | 31.2 | 1,508.33 |
| As of March 31, 2018 | 40,640 | 12,616 | 31.0 | 1,506.15 |

(Reference) Equity: fiscal year ended March 31, 2019: 12,633 millions of yen
 fiscal year ended March 31, 2018: 12,616 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, 2019 | (1,222) | (1,355) | (1,318) | 4,004 |
| Year ended March 31, 2018 | 1,095 | (332) | 2,808 | 7,836 |

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, 2018 | - | 0.00 | - | 30.00 | 30.00 |
| Year ended March 31, 2019 | - | 0.00 | - | 30.00 | 30.00 |
| Year ending March 31, 2020 (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, 2018 | 251 | 22.8 | 2.1 |
| Year ended March 31, 2019 | 251 | 32.4 | 2.0 |
| Year ending March 31, 2020 (forecasts) | | 25.1 | |

3. Consolidated forecasts for the fiscal year ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(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, 2020 | 44,000 | (2.3) | 1,400 | 4.2 | 1,300 | (16.9) | 900 | 15.9 |

| | Net income per share |
|----------------------------|----------------------|
| Year ending March 31, 2020 | Yen 107.45 |

* 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, 2019 | 9,250,099 shares | As of March 31, 2018 | 9,250,099 shares |
|----------------------|------------------|----------------------|------------------|

② Number of treasury stock at end of period

| | | | |
|----------------------|----------------|----------------------|----------------|
| As of March 31, 2019 | 874,133 shares | As of March 31, 2018 | 873,115 shares |
|----------------------|----------------|----------------------|----------------|

③ Average number of shares outstanding during the term

| | | | |
|----------------------|------------------|----------------------|------------------|
| As of March 31, 2019 | 8,376,571 shares | As of March 31, 2018 | 8,378,070 shares |
|----------------------|------------------|----------------------|------------------|

(Note) The company conducted a share consolidation at a ratio of 10 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, Number of shares outstanding at end of period, Number of treasury stock at end of period, Average number of shares outstanding during the term are calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2019

(April 1, 2018 – March 31, 2019)

(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, 2019 | 34,501 | 1.5 | 606 | 17.0 | 1,157 | 117.1 | 642 | (0.9) |
| Year ended March 31, 2018 | 34,004 | 15.9 | 517 | – | 533 | – | 648 | 449.1 |

| | Net income per share | Diluted net income Per share |
|---------------------------|-------------------------|---------------------------------|
| | Yen | Yen |
| Year ended March 31, 2019 | 76.68 | – |
| Year ended March 31, 2018 | 77.38 | – |

(Note) The company conducted a share consolidation at a ratio of 10 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, Net income per share is calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

(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, 2019 | 34,942 | 11,939 | 34.2 | 1,425.44 |
| Year ended March 31, 2018 | 33,942 | 11,720 | 34.5 | 1,399.16 |

(Reference) Equity: fiscal year ended March 31, 2019: 11,939 millions of yen
fiscal year ended March 31, 2018: 11,720 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, 2018 | As of March 31, 2019 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,937 | 5,257 |
| Notes and accounts receivable - trade | 9,769 | 13,259 |
| Merchandise and finished goods | 1,158 | 1,443 |
| Work in process | 2,601 | 2,828 |
| Raw materials and supplies | 2,755 | 2,533 |
| Other | 1,963 | 1,695 |
| Allowance for doubtful accounts | (15) | (16) |
| Total current assets | 27,169 | 27,000 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 12,509 | 12,514 |
| Accumulated depreciation and impairment loss | (9,787) | (9,928) |
| Buildings and structures, net | 2,722 | 2,585 |
| Machinery, equipment and vehicles | 26,831 | 26,972 |
| Accumulated depreciation and impairment loss | (23,381) | (23,427) |
| Machinery, equipment and vehicles, net | 3,449 | 3,545 |
| Land | 2,864 | 2,921 |
| Other | 342 | 292 |
| Total property, plant and equipment | 9,378 | 9,344 |
| Intangible assets | 199 | 388 |
| Investments and other assets | | |
| Investment securities | 1,350 | 1,141 |
| Deferred tax assets | 1,511 | 1,423 |
| Other | 1,152 | 1,386 |
| Allowance for doubtful accounts | (122) | (194) |
| Total investments and other assets | 3,892 | 3,757 |
| Total non-current assets | 13,470 | 13,490 |
| Total assets | 40,640 | 40,491 |

Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2018 | As of March 31, 2019 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 7,317 | 7,601 |
| Short-term loans payable | 7,505 | 6,575 |
| Income taxes payable | 132 | 227 |
| Provision for bonuses | 406 | 404 |
| Other | 1,184 | 1,448 |
| Total current liabilities | 16,545 | 16,256 |
| Non-current liabilities | | |
| Long-term loans payable | 5,812 | 5,895 |
| Lease obligations | 350 | 483 |
| Deferred tax liabilities | 6 | 3 |
| Deferred tax liabilities for land revaluation | 327 | 327 |
| Retirement benefit liability | 4,876 | 4,754 |
| Other | 103 | 128 |
| Total non-current liabilities | 11,477 | 11,593 |
| Total liabilities | 28,023 | 27,850 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 5,200 | 5,200 |
| Capital surplus | 5,039 | 5,038 |
| Retained earnings | 2,682 | 3,207 |
| Treasury shares | (1,150) | (1,152) |
| Total shareholders' equity | 11,770 | 12,294 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 173 | (7) |
| Revaluation reserve for land | 684 | 685 |
| Foreign currency translation adjustment | 292 | (75) |
| Remeasurements of defined benefit plans | (303) | (262) |
| Total accumulated other comprehensive income | 846 | 339 |
| Non-controlling interests | — | 7 |
| Total net assets | 12,616 | 12,641 |
| Total liabilities and net assets | 40,640 | 40,491 |

Consolidated statements of income (cumulative)

(Millions of yen)

| | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 43,805 | 45,034 |
| Cost of sales | 37,531 | 38,572 |
| Gross profit | 6,273 | 6,461 |
| Selling, general and administrative expenses | 4,994 | 5,117 |
| Operating profit | 1,278 | 1,344 |
| Non-operating income | | |
| Interest income | 59 | 68 |
| Dividend income | 45 | 49 |
| Rent income on facilities | 38 | 40 |
| Foreign exchange gains | — | 236 |
| Other | 61 | 94 |
| Total non-operating income | 205 | 490 |
| Non-operating expenses | | |
| Interest expenses | 89 | 102 |
| Expenses for persons of temporary transfer | 26 | 28 |
| Foreign exchange losses | 384 | — |
| Compensation for damage | 0 | 74 |
| Other | 50 | 64 |
| Total non-operating expenses | 550 | 269 |
| Ordinary profit | 933 | 1,564 |
| Extraordinary income | | |
| Gain on adjustment of account payable | 120 | — |
| Gain on sales of non-current assets | 149 | 0 |
| Gain on reorganization of subsidiaries and associates | 79 | — |
| Surrender value of insurance | 40 | 18 |
| Other | 70 | 1 |
| Total extraordinary income | 461 | 20 |
| Extraordinary losses | | |
| Impairment loss | 13 | — |
| Loss on sales of non-current assets | 0 | 14 |
| Loss on retirement of non-current assets | 38 | 51 |
| Extra retirement payments | 45 | 5 |
| Litigation settlement | — | 339 |
| Other | 4 | 2 |
| Total extraordinary losses | 103 | 412 |
| Profit before income taxes | 1,291 | 1,172 |
| Income taxes - current | 206 | 288 |
| Income taxes - deferred | (16) | 105 |
| Total income taxes | 189 | 394 |
| Profit | 1,101 | 777 |
| Profit attributable to non-controlling interests | — | 1 |
| Profit attributable to owners of parent | 1,101 | 776 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 |
|--|-------------------------------------|-------------------------------------|
| Profit | 1,101 | 777 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (85) | (180) |
| Foreign currency translation adjustment | 354 | (367) |
| Remeasurements of defined benefit plans, net of tax | 9 | 40 |
| Total other comprehensive income | 278 | (507) |
| Comprehensive income | 1,380 | 270 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,380 | 269 |
| Comprehensive income attributable to non-controlling interests | — | 1 |

Consolidated statements of changes in equity
 Fiscal year ended March 31, 2018 (April 1, 2017 - March 31, 2018)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 5,200 | 5,039 | 1,831 | (1,147) | 10,923 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (251) | | (251) |
| Profit attributable to owners of parent | | | 1,101 | | 1,101 |
| Purchase of treasury shares | | | | (3) | (3) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | — |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | — | — | 850 | (3) | 846 |
| Balance at end of current period | 5,200 | 5,039 | 2,682 | (1,150) | 11,770 |

| | 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 current period | 259 | 684 | (62) | (313) | 568 | — | 11,491 |
| Changes of items during period | | | | | | | |
| Dividends of surplus | | | | | | | (251) |
| Profit attributable to owners of parent | | | | | | | 1,101 |
| Purchase of treasury shares | | | | | | | (3) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | — |
| Net changes of items other than shareholders' equity | (85) | — | 354 | 9 | 278 | — | 278 |
| Total changes of items during period | (85) | — | 354 | 9 | 278 | — | 1,125 |
| Balance at end of current period | 173 | 684 | 292 | (303) | 846 | — | 12,616 |

Consolidated statements of changes in equity

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

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 5,200 | 5,039 | 2,682 | (1,150) | 11,770 |
| Changes of items 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 of items other than shareholders' equity | | | | | |
| Total changes of items during period | — | (0) | 525 | (1) | 523 |
| Balance at end of current 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 current period | 173 | 684 | 292 | (303) | 846 | — | 12,616 |
| Changes of items 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 of items other than shareholders' equity | (180) | 0 | (367) | 40 | (507) | 7 | (499) |
| Total changes of items during period | (180) | 0 | (367) | 40 | (507) | 7 | 24 |
| Balance at end of current period | (7) | 685 | (75) | (262) | 339 | 7 | 12,641 |

Consolidated statements of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,291 | 1,172 |
| Depreciation | 1,067 | 1,033 |
| Impairment loss | 13 | — |
| Increase (decrease) in allowance for doubtful accounts | (3) | 73 |
| Increase (decrease) in provision for bonuses | 92 | (10) |
| Increase (decrease) in retirement benefit liability | 36 | (122) |
| Interest and dividend income | (105) | (118) |
| Interest expenses | 89 | 102 |
| Foreign exchange losses (gains) | 417 | (147) |
| Loss (gain) on sales of non-current assets | (149) | 13 |
| Loss on retirement of non-current assets | 38 | 51 |
| Loss (gain) on sales of investment securities | (31) | — |
| Loss (gain) on valuation of investment securities | 4 | — |
| Surrender value of insurance | — | (18) |
| Premium severance pay | 45 | 5 |
| Expenses for persons of temporary transfer | — | 28 |
| Compensation for damage | — | 74 |
| Litigation settlement | — | 339 |
| Decrease (increase) in notes and accounts receivable - trade | (600) | (3,847) |
| Decrease (increase) in inventories | (841) | (417) |
| Increase (decrease) in notes and accounts payable - trade | 205 | 344 |
| Decrease (increase) in consumption taxes refund receivable | (130) | (4) |
| Other, net | (86) | 636 |
| Subtotal | 1,353 | (812) |
| Interest and dividend income received | 105 | 118 |
| Interest expenses paid | (89) | (102) |
| Income taxes paid | (228) | (155) |
| Proceeds from surrender value of insurance | — | 18 |
| Compensation for damage paid | — | (74) |
| Payment of premium severance pay | (45) | (5) |
| Litigation settlement paid | — | (210) |
| Net cash provided by (used in) operating activities | 1,095 | (1,222) |

Consolidated statements of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from investing activities | | |
| Purchase of non-current assets | (772) | (887) |
| Proceeds from sales of non-current assets | 485 | 11 |
| Purchase of investment securities | (19) | (9) |
| Proceeds from sales and redemption of investment securities | 38 | — |
| Payments of loans receivable | — | (44) |
| Collection of loans receivable | 6 | 18 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | — | (204) |
| Payments for sales of shares of subsidiaries resulting in change in scope of consolidation | (66) | — |
| Net decrease (increase) in time deposits | 137 | (163) |
| Other, net | (141) | (77) |
| Net cash provided by (used in) investing activities | (332) | (1,355) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 2,787 | (1,163) |
| Proceeds from long-term loans payable | 3,200 | 3,100 |
| Repayments of long-term loans payable | (2,742) | (2,846) |
| Repayments of lease obligations | (182) | (155) |
| Purchase of treasury shares | (3) | (1) |
| Cash dividends paid | (251) | (251) |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | — | (0) |
| Net cash provided by (used in) financing activities | 2,808 | (1,318) |
| Effect of exchange rate change on cash and cash equivalents | (345) | 64 |
| Net increase (decrease) in cash and cash equivalents | 3,225 | (3,831) |
| Cash and cash equivalents at beginning of period | 4,610 | 7,836 |
| Cash and cash equivalents at end of period | 7,836 | 4,004 |