

**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	Raito of ordinary income to total assets	Raito 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
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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
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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
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(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