

November 8, 2019

**Consolidated financial results (Japanese accounting standards)
For the 2nd quarter of the fiscal year ending September 30, 2019 (Q2 FY2019)**

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
 Contact: Yoshinori Hayashi, Corporate Officer, General Manager, Financial Affairs Department
 Tel. +81-76-467-1111

Scheduled date for filing of securities report: November 11, 2019
 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, 2019
 (April 1, 2019 – September 30, 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	%
September 30 , 2019	20,121	(4.0)	526	103.5	455	(33.3)	310	44.3
September 30 , 2018	20,964	(2.9)	258	(54.9)	683	0.4	215	(64.9)

(Note) Comprehensive income: (64) million yen (-%) for the six months ending September 30, 2019
 55 million yen ((92.2)%) for the six months ended September 30, 2018

	Net income	Diluted net income
	Per share	Per share
	Yen	Yen
September 30 , 2019	37.09	-
September 30 , 2018	25.69	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30 , 2019	36,464	12,324	33.8
March 31 , 2019	40,491	12,641	31.2

(Reference) Equity:six months ending September 30, 2019: 12,316 million yen
 Fiscal year ended March 31, 2019: 12,633 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	-	0.00	-	30.00	30.00
Year ending March 31, 2020	-	0.00	-	-	-
Year ending March 31, 2020 (forecasts)	-	-	-	30.00	30.00

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

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	
	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)

	Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Yen
Year ending March 31,2020	900	15.9	107.45

(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 30,2019	9,250,099 shares	As of March 31,2019	9,250,099 shares
-------------------------	------------------	---------------------	------------------

(ii) Number of treasury stock at end of period

As of September 30,2019	874,426 shares	As of March 31,2019	874,133 shares
-------------------------	----------------	---------------------	----------------

(iii) Average number of shares outstanding during the term

As of September 30,2019	8,375,906 shares	As of September 30,2018	8,376,767 shares
-------------------------	------------------	-------------------------	------------------

* 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, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	5,257	5,854
Notes and accounts receivable - trade	13,259	9,815
Merchandise and finished goods	1,443	1,372
Work in process	2,828	2,709
Raw materials and supplies	2,533	2,250
Other	1,695	782
Allowance for doubtful accounts	(16)	(21)
Total current assets	27,000	22,763
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,585	2,638
Machinery, equipment and vehicles, net	3,545	3,727
Land	2,921	2,918
Other, net	292	305
Total property, plant and equipment	9,344	9,590
Intangible assets	388	507
Investments and other assets		
Investment securities	1,141	1,001
Deferred tax assets	1,423	1,447
Other	1,386	1,346
Allowance for doubtful accounts	(194)	(192)
Total investments and other assets	3,757	3,602
Total non-current assets	13,490	13,700
Total assets	40,491	36,464

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,601	5,860
Short-term borrowings	6,575	5,678
Income taxes payable	227	154
Provision for bonuses	404	417
Other	1,448	1,744
Total current liabilities	16,256	13,856
Non-current liabilities		
Long-term borrowings	5,895	4,601
Lease obligations	483	564
Deferred tax liabilities	3	2
Deferred tax liabilities for land revaluation	327	327
Retirement benefit liability	4,754	4,661
Other	128	126
Total non-current liabilities	11,593	10,283
Total liabilities	27,850	24,139
Net assets		
Shareholders' equity		
Share capital	5,200	5,200
Capital surplus	5,038	5,038
Retained earnings	3,207	3,266
Treasury shares	(1,152)	(1,152)
Total shareholders' equity	12,294	12,353
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(128)
Revaluation reserve for land	685	685
Foreign currency translation adjustment	(75)	(353)
Remeasurements of defined benefit plans	(262)	(239)
Total accumulated other comprehensive income	339	(36)
Non-controlling interests	7	7
Total net assets	12,641	12,324
Total liabilities and net assets	40,491	36,464

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	20,964	20,121
Cost of sales	18,189	17,071
Gross profit	2,775	3,050
Selling, general and administrative expenses	2,516	2,523
Operating profit	258	526
Non-operating income		
Interest income	35	34
Dividend income	42	45
Foreign exchange gains	397	—
Other	69	68
Total non-operating income	545	148
Non-operating expenses		
Interest expenses	47	36
Foreign exchange losses	—	118
Compensation for damage	36	24
Other	37	39
Total non-operating expenses	120	218
Ordinary profit	683	455
Extraordinary income		
Gain on sales of non-current assets	0	1
Surrender value of insurance policies	2	5
Total extraordinary income	3	6
Extraordinary losses		
Loss on sales of non-current assets	4	—
Loss on retirement of non-current assets	8	18
Litigation settlement	320	—
Other	3	1
Total extraordinary losses	337	19
Profit before income taxes	349	442
Income taxes	134	131
Profit	215	310
Profit attributable to non-controlling interests	—	0
Profit attributable to owners of parent	215	310

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	215	310
Other comprehensive income		
Valuation difference on available-for-sale securities	53	(120)
Foreign currency translation adjustment	(241)	(278)
Remeasurements of defined benefit plans, net of tax	28	23
Total other comprehensive income	(160)	(375)
Comprehensive income	55	(64)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	55	(65)
Comprehensive income attributable to non-controlling interests	—	0

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	349	442
Depreciation	503	562
Increase (decrease) in allowance for doubtful accounts	6	2
Increase (decrease) in provision for bonuses	8	12
Increase (decrease) in retirement benefit liability	(49)	(93)
Interest and dividend income	(78)	(79)
Interest expenses	47	36
Foreign exchange losses (gains)	(122)	10
Loss (gain) on sales of non-current assets	4	(1)
Loss on retirement of non-current assets	8	18
Surrender value of insurance policies	(2)	(5)
Premium severance pay	2	—
Litigation settlement	320	—
Compensation for damage	36	24
Decrease (increase) in trade receivables	(1,634)	3,259
Decrease (increase) in inventories	229	373
Increase (decrease) in trade payables	(225)	(1,668)
Decrease (increase) in consumption taxes refund receivable	459	532
Other, net	722	472
Subtotal	585	3,900
Interest and dividends received	78	79
Interest paid	(46)	(35)
Income taxes paid	(114)	(264)
Proceeds from surrender value of insurance	2	5
Compensation for damage paid	—	(24)
Payment of premium severance pay	(2)	—
Litigation settlement paid	(210)	(106)
Net cash provided by (used in) operating activities	293	3,554
Cash flows from investing activities		
Purchase of non-current assets	(411)	(370)
Proceeds from sales of non-current assets	10	2
Purchase of investment securities	(0)	(2)
Loan advances	(28)	(25)
Collection of loans receivable	9	31
Net decrease (increase) in time deposits	(54)	—
Other, net	(32)	73
Net cash provided by (used in) investing activities	(509)	(290)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,226)	(682)
Repayments of long-term borrowings	(1,408)	(1,509)
Repayments of lease obligations	(65)	(103)
Purchase of treasury shares	(0)	(0)
Dividends paid	(251)	(251)
Net cash provided by (used in) financing activities	(2,952)	(2,546)
Effect of exchange rate change on cash and cash equivalents	57	(52)
Net increase (decrease) in cash and cash equivalents	(3,110)	664
Cash and cash equivalents at beginning of period	7,836	4,004
Cash and cash equivalents at end of period	4,725	4,668