



## NOK CORPORATION and Consolidated Subsidiaries

### Consolidated Financial Results for Fiscal Year Ended March 31, 2019 (Japanese GAAP)

Date: May 13, 2019

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Date of general shareholders' meeting (as planned): June 26, 2019

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Dividend payable date (as planned): June 27, 2019

Supplemental material of annual results: None

Convening briefing of annual results: Yes

(Fractions are rounded down to the nearest million yen.)

### 1. Consolidated Financial Results for Fiscal 2018 (April 1, 2018 to March 31, 2019)

#### (1) Consolidated operating results

(Percentage figures represent year-on-year changes.)

|         | Net sales   |       | Operating income |        | Ordinary income |        | Profit attributable to owners of parent |        |
|---------|-------------|-------|------------------|--------|-----------------|--------|-----------------------------------------|--------|
|         | million yen | %     | million yen      | %      | million yen     | %      | million yen                             | %      |
| FY 2018 | 669,482     | (8.2) | 23,140           | (48.5) | 31,135          | (44.7) | 3,419                                   | (90.3) |
| FY 2017 | 729,341     | 2.3   | 44,934           | 13.0   | 56,291          | 23.2   | 35,281                                  | 29.1   |

Note: Comprehensive income: (4,933) million yen, -% (as of March 31, 2019); 53,362 million yen, 63.2% (as of March 31, 2018)

|         | Net income per share | Diluted net income per share | Net income to shareholders' equity ratio | Ordinary income to total assets ratio | Operating income to net sales ratio |
|---------|----------------------|------------------------------|------------------------------------------|---------------------------------------|-------------------------------------|
|         | yen                  | yen                          | %                                        | %                                     | %                                   |
| FY 2018 | 19.77                | —                            | 0.8                                      | 3.9                                   | 3.5                                 |
| FY 2017 | 204.17               | —                            | 8.0                                      | 7.3                                   | 6.2                                 |

Reference: Investment profit on equity method: 4,033 million yen (as of March 31, 2019); 6,510 million yen (as of March 31, 2018)

#### (2) Consolidated financial position

|         | Total assets | Net assets  | Capital adequacy ratio | Net assets per share |
|---------|--------------|-------------|------------------------|----------------------|
|         | million yen  | million yen | %                      | yen                  |
| FY 2018 | 785,133      | 485,498     | 56.6                   | 2,567.92             |
| FY 2017 | 793,314      | 499,894     | 57.9                   | 2,657.85             |

Reference: Owner's equity: 444,177 million yen (as of March 31, 2019); 459,655 million yen (as of March 31, 2018)

#### (3) Consolidated cash flows

|         | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and equivalents, end of period |
|---------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
|         | million yen                          | million yen                          | million yen                          | million yen                         |
| FY 2018 | 63,854                               | (79,259)                             | 6,633                                | 80,761                              |
| FY 2017 | 69,526                               | (58,681)                             | (13,010)                             | 89,420                              |

### 2. Dividends

|                    | Dividend per share |                |               |                 |       | Total dividend paid | Payout ratio (Consolidated) | Ratio of total amount of dividends to net assets (Consolidated) |
|--------------------|--------------------|----------------|---------------|-----------------|-------|---------------------|-----------------------------|-----------------------------------------------------------------|
|                    | First quarter      | Second quarter | Third quarter | Fiscal year end | Total |                     |                             |                                                                 |
|                    | yen                | yen            | yen           | yen             | yen   | million yen         | %                           | %                                                               |
| FY 2017            | —                  | 25.00          | —             | 25.00           | 50.00 | 8,652               | 24.5                        | 2.0                                                             |
| FY 2018            | —                  | 25.00          | —             | 25.00           | 50.00 | 8,652               | 252.9                       | 1.9                                                             |
| FY 2019 (Forecast) | —                  | 25.00          | —             | 25.00           | 50.00 |                     | 39.3                        |                                                                 |

### 3. Consolidated Forecasts for Fiscal 2019 (April 1, 2019 to March 31, 2020)

(Percentage figures represent year-on-year changes.)

|           | Net sales   |       | Operating income |        | Ordinary income |        | Profit attributable to owners of parent |        | Net income per share |
|-----------|-------------|-------|------------------|--------|-----------------|--------|-----------------------------------------|--------|----------------------|
|           | million yen | %     | million yen      | %      | million yen     | %      | million yen                             | %      | yen                  |
| Half year | 315,000     | (7.9) | 5,500            | (60.8) | 7,900           | (56.2) | 3,500                                   | (63.7) | 20.23                |
| Full year | 670,000     | 0.1   | 31,000           | 34.0   | 37,000          | 18.8   | 22,000                                  | 543.4  | 127.19               |

\* Notes

(1) Material changes in subsidiaries during this period (Changes in scope of consolidations resulting from change in subsidiaries): Yes

New: One company Company name: Mektec Manufacturing Corporation (Suzhou2)

Exclusion: One company Company name: Mektec Manufacturing Corporation (Suzhou2)

Note: For details, please refer to “4. Consolidated Financial Statements and Principal Notes (5) Notes Concerning Consolidated Financial Statements (Material Changes in Subsidiaries during the Current Consolidated Fiscal Year)” on page 13 of the attached document.

(2) Changes in accounting policies and accounting estimates, retrospective restatement

i) Changes in accounting policies based on revisions of accounting standard: None

ii) Changes in accounting policies other than ones based on revisions of accounting standard: None

iii) Changes in accounting estimates: None

iv) Retrospective restatement: None

(3) Number of issued and outstanding shares (common stock)

i) Number of issued and outstanding shares at the end of fiscal year (including treasury stock)

|         |                    |         |                    |
|---------|--------------------|---------|--------------------|
| FY 2018 | 173,138,537 shares | FY 2017 | 173,138,537 shares |
|---------|--------------------|---------|--------------------|

ii) Number of treasury stock at the end of fiscal year

|         |                |         |                |
|---------|----------------|---------|----------------|
| FY 2018 | 166,905 shares | FY 2017 | 195,825 shares |
|---------|----------------|---------|----------------|

iii) Average number of shares

|         |                    |         |                    |
|---------|--------------------|---------|--------------------|
| FY 2018 | 172,968,707 shares | FY 2017 | 172,806,000 shares |
|---------|--------------------|---------|--------------------|

Note: The “Number of treasury stock at the end of fiscal year” includes the Company’s stock owned by the Employee Stock Ownership Plan Trust (the “ESOP Trust”) account (– shares as of March 31, 2019 and 29,200 shares as of March 31, 2018). In addition, the Company’s stock owned by the ESOP Trust account is included in the number of treasury stock deducted from the calculation of the “Average number of shares” (3,066 shares for the fiscal year ended March 31, 2019 and 160,685 shares for the fiscal year ended March 31, 2018).

\* This summary of consolidated financial results is not subject to audit by a certified public accountant or an audit firm.

\* Proper use of the projections for financial results, and other important matters:

Forward-looking statements such as projections of future financial results and other descriptions concerning our future business included in this document are based on currently available information and certain assumptions that we consider to be reasonable, and no representation or warranty is given with regard to the realization of such projections, etc. Financial results may differ significantly due to various factors.

For assumptions, etc. used as the basis for the projections of financial results, please see “1. Overview of Operating Results (1) Analysis of Operating Results” on page 2 of the attached document.

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## 1. Overview of Operating Results

### (1) Analysis of Operating Results

#### i. Fiscal 2018 operating results

During the current consolidated fiscal year, the Japanese economy remained on a gradual recovery trend due to stable capital expenditures despite the effects of natural disasters such as the floods in western Japan. Looking overseas, while the U.S. economy remained resilient, China experienced slower economic growth mainly due to the impact of the trade dispute with the U.S.

In the automobile industry, domestic demand for light vehicles remained strong. In overseas markets, demand in North America was robust, whereas in China demand was decelerating.

In the electronic equipment industry, the production volume of mobile phones, HDDs, and digital cameras decreased in the second half of the current fiscal year.

In the office machinery industry, demand remained flat as a result of a mature market.

Under these circumstances, the operating results of the Group by business segment were as follows:

In the seal business, sales for automotive applications grew mainly due to strong domestic demand driven by light vehicles and robust demand in Southeast Asia. Sales for use in general industrial machinery increased on the back of stable demand from manufacturers of construction machinery, machine tools, and robots.

As a result, net sales increased to 341,680 million yen (up 1.4% year on year). Operating income totaled 36,209 million yen (down 11.3% year on year) mainly due to an increase in personnel and other costs and depreciation and amortization costs.

In the electronic product business, while sales for automotive applications remained strong, sales for high-performance smartphone applications dropped due to a decrease in production volume.

As a result, net sales stood at 297,374 million yen (down 17.6% year on year). Operating loss totaled 14,151 million yen (compared to an operating income of 2,963 million yen in the previous fiscal year), due to a decrease in sales.

In the roll business, overall sales decreased as demand from manufacturers of office machinery declined driven by production adjustment although demand from manufacturers of ATMs and other terminals operated by financial institutions and textile machinery increased.

As a result, net sales ended at 20,071 million yen (down 3.6% year on year). Operating loss came to 129 million yen (compared to an operating loss of 49 million yen in the previous fiscal year) as the effect of a decline in sales outweighed efforts to reduce costs.

In other businesses including special lubricants, net sales decreased to 10,356 million yen (down 1.8% year on year). Operating income ended at 1,203 million yen (up 9.4% year on year) due to changes in the sales mix.

In summary, the Group posted the following results for the current consolidated fiscal year: Net sales totaled 669,482 million yen (down 8.2% year on year); operating income was 23,140 million yen (down 48.5% year on year); and ordinary income amounted to 31,135 million yen (down 44.7% year on year), resulting in 3,419 million yen in profit attributable to owners of parent (down 90.3% year on year) reflecting an impairment loss on fixed assets (14.6 billion yen) recorded in the current fourth quarter by Nippon Mektron, Ltd., the Group's consolidated subsidiary running the electronic product business.

## ii. Projections for fiscal 2019

In the future operating environment surrounding the Group, although the consumption tax is scheduled to increase, it is expected that both a last-minute surge in demand and a decline in demand in reaction to the tax hike will remain small compared to the previous tax hike, therefore the impact will be minimal, as there will be only a modest increase in the tax rate. However, the outlook is increasingly uncertain, as evidenced by increasing signs of an economic slowdown in China and Europe, concerns that an escalating trade dispute between the U.S. and China may have repercussions for the global economy, and the issues surrounding the U.K.'s exit from the EU.

In the seal business, although domestic demand for use in automobiles is expected to surge and decline, respectively, before and after the consumption tax hike, the impact is projected to be minimal. Overseas, it is expected that demand in North America will remain strong and demand in China will pick up, supported by effective economic policy, despite the effects of the trade dispute with the U.S. For manufacturers of general industrial machinery, domestic demand for construction machinery is expected to remain almost unchanged. Overseas, demand for construction machinery is projected to slow down in China. Since competition from Japanese and overseas competitors is projected to intensify, we will make efforts across sales, production and technology divisions to increase sales and improve the efficiency of our production system based on the concepts of optimum production location, and will continue to make efforts to improve quality.

In the electronic product business, issues such as stagnant demand due to a drop in the number of units of high-performance smartphones and HDDs and increased seasonal fluctuation of demand have become more serious. In order to address such concerns, we will expand sales of products for automobiles and for new uses, as well as continue to exert efforts company-wide to make the company more resilient to change and further improve quality.

In the roll business, sales are expected to decline due to a slowdown in growth in the office machinery market and a drop in product prices on the back of intensified price competition. We therefore intend to seek increased profitability by making efforts across sales and technology divisions to further expand sales by improving competitiveness in quality and cost and developing new products, as well as by further promoting management efficiency.

In summary, we expect consolidated operating results for the next term to be as follows: Net sales will total 670.0 billion yen (up 0.1% year on year); operating income will end at 31.0 billion yen (up 34.0% year on year); ordinary income will amount to 37.0 billion yen (up 18.8% year on year); and profit attributable to owners of parent will end at 22.0 billion yen (up 543.4% year on year).

The above forecasts include projections of the future based on currently available information. Actual results may differ from the stated forecast figures due to future business operations and changes such as exchange rate fluctuations.

## (2) Analysis of Financial Position

## i. Assets, liabilities and net assets

Total assets as of March 31, 2019 stood at 785,133 million yen, a decrease of 8,180 million yen compared with March 31, 2018. This was mainly attributable to decreases in cash and deposits.

Total liabilities as of March 31, 2019 amounted to 299,634 million yen, an increase of 6,214 million yen compared with March 31, 2018, mainly due to increases in short-term loans payable and long-term loans payable, despite a decrease in accounts payable-trade.

Net assets totaled 485,498 million yen, a decrease of 14,395 million yen compared with March 31, 2018, mainly reflecting decreases in valuation difference on available-for-sale securities and in retained earnings as a result of dividend payments. Consequently, the ratio of shareholders' equity to total assets stood at 56.6%.

## ii. Cash flows

Cash and cash equivalents (hereinafter, "cash") as of March 31, 2019 amounted to 80,761 million yen. This represented a decrease in cash of 8,658 million yen compared with March 31, 2018. Cash flows during fiscal 2018 are summarized below.

## [Cash flows from operating activities]

Net cash provided by operating activities totaled 63,854 million yen, down 8.2% year on year. This was mainly attributable to recording of income before income taxes, depreciation and amortization (non-cash items), and impairment loss (non-cash item).

## [Cash flows from investing activities]

Net cash used in investing activities, which mainly consisted of acquisitions of investment securities and property, plant and equipment, amounted to 79,259 million yen (down 35.1% year on year).

## [Cash flows from financing activities]

Net cash provided by financing activities amounted to 6,633 million yen (compared to net cash used in financing activities of 13,010 million yen in the previous fiscal year). This mainly reflected increases in short-term loans payable and long-term loans payable, despite dividend payments.

The trend of cash flow indicators is as follows:

|                                                        | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 |
|--------------------------------------------------------|---------|---------|---------|---------|---------|
| Capital ratio (%)                                      | 55.9    | 56.7    | 55.7    | 57.9    | 56.6    |
| Market capitalization to total assets (%)              | 82.9    | 47.5    | 59.4    | 45.0    | 38.0    |
| Interest-bearing liabilities to cash flow (annualized) | 1.2     | 1.0     | 1.3     | 1.2     | 1.6     |
| Interest coverage ratio (multiple)                     | 29.2    | 38.0    | 33.2    | 29.6    | 23.6    |

Capital ratio = Shareholders' equity / Total assets

Market capitalization to total assets = Market capitalization / Total assets

Interest-bearing liabilities to cash flow = Interest-bearing liabilities / Cash flow

Interest coverage ratio = Cash flow / Interest payments

Notes:

1. All indices above are calculated based on consolidated financial statements.
  2. Market capitalization is calculated on the basis of the number of issued and outstanding shares excluding treasury stock.
  3. Operating cash flow is used as "cash flow" in the above calculation.
  4. Interest-bearing liabilities represent all liabilities on the consolidated balance sheet on which we pay interest.
  5. "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, Feb 16, 2018) was applied at the beginning of the current consolidated fiscal year. This accounting standard is applied retrospectively to the capital ratio (%) and market capitalization to total assets (%) among the cash flow indicators for fiscal year 2017.
- (3) Principal Policy on Dividends and Dividend Distribution for Fiscal 2018 and 2019
- As to dividend payment to our shareholders, it is our basic policy to continue a certain stable level of dividend corresponding to the medium- to long-term business performance. Meanwhile, saving a reasonable portion for internal reserve is also critical in preparation for our future business development and reinforcement of financial position. We will, therefore, determine the dividend by taking all these factors into consideration.
- Taking into full consideration the aforementioned basic dividend distribution policy along with the level of net income for fiscal 2018, we propose to pay an annual dividend of 50 yen per share for fiscal 2018 (a 25-yen interim dividend plus a 25-yen term-end dividend).
- We plan to pay an annual dividend of 50 yen per share for fiscal 2019 (a 25-yen interim dividend plus a 25-yen term-end dividend).

## 2. Management Policy

### (1) Principal Management Policy

It is our basic philosophy that a firm is the common asset of its shareholders, employees, and society. At the same time, the goal of the NOK Group is to become an entity in which all of its stakeholders including customers, suppliers, and financial institutions can take pride. For such purposes, we concentrate our efforts to create a vigorous, highly profitable corporate group through “manufacturing and distributing unique and useful products with high technical capabilities throughout the world and at appropriate prices.” This is the main policy under which NOK conducts its business.

### (2) Medium- to Long-Term Management Strategies and Challenges

The NOK Group formulated a three-year plan (from fiscal 2017 to fiscal 2019), which we are implementing in an effort to achieve sustainable growth and development towards the future, by focusing on establishing business continuity management (BCM) in preparation for natural disasters, appropriate management of the ever-expanding overseas business, further improvement in quality, development of new products and the fostering of personnel involved in these endeavors.

The NOK Group intends to make efforts across the Group based on the following initiatives:

Slogan [Key Corporate Objective]

“Reinforcing Business Structure for Sustainable Growth”

Initiatives

- (1) Building well-balanced customer mix
  - Targeting sales expansion and new business creation
- (2) Achieving sustainable unrivalled quality
- (3) Establishing practical and effective BCM
- (4) Implementing management spirit that respects human dignity
  - Fostering vibrant people and workplace

## 3. Basic Concept on the Choice of Accounting Standards

The NOK Group intends to prepare consolidated financial statements based on the Japanese standard for the time being in consideration of the possibility of period comparison of consolidated financial statements as well as the possibility of comparison between companies.

For reference, we intend to appropriately respond to the application of IFRS in view of situations both in Japan and abroad.

**4. Consolidated Financial Statements and Principal Notes****(1) Consolidated Balance Sheet**

(million yen)

|                                           | FY 2017<br>(as of March 31, 2018) | FY 2018<br>(as of March 31, 2019) |
|-------------------------------------------|-----------------------------------|-----------------------------------|
| <b>Assets</b>                             |                                   |                                   |
| Current assets                            |                                   |                                   |
| Cash and deposits                         | 89,457                            | 80,798                            |
| Notes and accounts receivable-trade       | 149,422                           | 145,168                           |
| Merchandise and finished goods            | 38,611                            | 35,936                            |
| Work in process                           | 29,812                            | 29,430                            |
| Raw materials and supplies                | 20,347                            | 21,348                            |
| Other                                     | 14,968                            | 15,303                            |
| Allowance for doubtful accounts           | (236)                             | (157)                             |
| Total current assets                      | 342,382                           | 327,828                           |
| Noncurrent assets                         |                                   |                                   |
| Property, plant and equipment             |                                   |                                   |
| Buildings and structures                  | 185,679                           | 199,833                           |
| Accumulated depreciation                  | (99,361)                          | (110,138)                         |
| Buildings and structures, net             | 86,318                            | 89,695                            |
| Machinery, equipment and vehicles         | 369,485                           | 388,597                           |
| Accumulated depreciation                  | (259,579)                         | (277,628)                         |
| Machinery, equipment and vehicles, net    | 109,905                           | 110,968                           |
| Tools, furniture and fixtures             | 77,142                            | 82,127                            |
| Accumulated depreciation                  | (56,900)                          | (62,616)                          |
| Tools, furniture and fixtures, net        | 20,241                            | 19,510                            |
| Land                                      | 21,874                            | 18,701                            |
| Lease assets                              | 2,588                             | 2,138                             |
| Accumulated depreciation                  | (2,314)                           | (1,935)                           |
| Lease assets, net                         | 273                               | 203                               |
| Construction in progress                  | 18,734                            | 23,416                            |
| Total property, plant and equipment       | 257,348                           | 262,496                           |
| Intangible assets                         | 4,061                             | 4,760                             |
| Investments and other assets              |                                   |                                   |
| Investment securities                     | 154,774                           | 150,066                           |
| Long-term loans receivable from employees | 3,444                             | 3,078                             |
| Deferred tax assets                       | 8,646                             | 13,773                            |
| Net defined benefit asset                 | 210                               | 718                               |
| Other                                     | 22,615                            | 22,583                            |
| Allowance for doubtful accounts           | (169)                             | (174)                             |
| Total investments and other assets        | 189,522                           | 190,047                           |
| Total noncurrent assets                   | 450,931                           | 457,304                           |
| Total assets                              | 793,314                           | 785,133                           |

(million yen)

|                                                       | FY 2017<br>(as of March 31, 2018) | FY 2018<br>(as of March 31, 2019) |
|-------------------------------------------------------|-----------------------------------|-----------------------------------|
| Liabilities                                           |                                   |                                   |
| Current liabilities                                   |                                   |                                   |
| Accounts payable-trade                                | 57,571                            | 44,557                            |
| Short-term loans payable                              | 58,398                            | 66,972                            |
| Income taxes payable                                  | 5,084                             | 3,549                             |
| Provision for bonuses                                 | 9,712                             | 10,125                            |
| Provision for loss on guarantees                      | 668                               | –                                 |
| Deposits received from employees                      | 16,210                            | 16,226                            |
| Other                                                 | 37,990                            | 39,629                            |
| Total current liabilities                             | 185,636                           | 181,061                           |
| Noncurrent liabilities                                |                                   |                                   |
| Long-term loans payable                               | 9,931                             | 19,563                            |
| Deferred tax liabilities                              | 11,707                            | 7,133                             |
| Net defined benefit liabilities                       | 82,302                            | 87,842                            |
| Other                                                 | 3,841                             | 4,033                             |
| Total noncurrent liabilities                          | 107,783                           | 118,572                           |
| Total liabilities                                     | 293,419                           | 299,634                           |
| Net assets                                            |                                   |                                   |
| Shareholders' equity                                  |                                   |                                   |
| Capital stock                                         | 23,335                            | 23,335                            |
| Capital surplus                                       | 22,837                            | 23,244                            |
| Retained earnings                                     | 367,822                           | 362,604                           |
| Treasury stock                                        | (323)                             | (226)                             |
| Total shareholders' equity                            | 413,672                           | 408,959                           |
| Accumulated other comprehensive income                |                                   |                                   |
| Valuation difference on available-for-sale securities | 57,490                            | 47,694                            |
| Foreign currency translation adjustment               | 11,909                            | 12,157                            |
| Remeasurements of defined benefit plans               | (23,416)                          | (24,633)                          |
| Total accumulated other comprehensive income          | 45,983                            | 35,218                            |
| Non-controlling interests                             | 40,238                            | 41,321                            |
| Total net assets                                      | 499,894                           | 485,498                           |
| Total liabilities and net assets                      | 793,314                           | 785,133                           |

(2) Consolidated Income Statement and Consolidated Comprehensive Income Statement  
(Consolidated Income Statement)

(million yen)

|                                                               | FY 2017<br>(April 1, 2017 to March 31, 2018) | FY 2018<br>(April 1, 2018 to March 31, 2019) |
|---------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Net sales                                                     | 729,341                                      | 669,482                                      |
| Cost of sales                                                 | 600,098                                      | 560,045                                      |
| Gross profit                                                  | 129,242                                      | 109,437                                      |
| Selling, general and administrative expenses                  | 84,308                                       | 86,297                                       |
| Operating income                                              | 44,934                                       | 23,140                                       |
| Non-operating income                                          |                                              |                                              |
| Interest income                                               | 528                                          | 525                                          |
| Dividend income                                               | 2,208                                        | 2,468                                        |
| Foreign exchange gains                                        | 1,203                                        | 408                                          |
| Share of profit of entities accounted for using equity method | 6,510                                        | 4,033                                        |
| Rent income                                                   | 965                                          | 914                                          |
| Other                                                         | 3,024                                        | 3,096                                        |
| Total non-operating income                                    | 14,441                                       | 11,446                                       |
| Non-operating expenses                                        |                                              |                                              |
| Interest expenses                                             | 2,335                                        | 2,798                                        |
| Other                                                         | 748                                          | 652                                          |
| Total non-operating expenses                                  | 3,084                                        | 3,450                                        |
| Ordinary income                                               | 56,291                                       | 31,135                                       |
| Extraordinary income                                          |                                              |                                              |
| Gain on sales of noncurrent assets                            | 450                                          | 332                                          |
| Other                                                         | 175                                          | 37                                           |
| Total extraordinary income                                    | 625                                          | 369                                          |
| Extraordinary loss                                            |                                              |                                              |
| Loss on sales and retirement of noncurrent assets             | 3,002                                        | 3,063                                        |
| Impairment loss                                               | 18                                           | 14,749                                       |
| Other                                                         | 1,030                                        | 781                                          |
| Total extraordinary loss                                      | 4,051                                        | 18,594                                       |
| Income before income taxes                                    | 52,866                                       | 12,909                                       |
| Income taxes-current                                          | 13,148                                       | 11,814                                       |
| Income taxes-deferred                                         | 528                                          | (5,049)                                      |
| Total income taxes                                            | 13,676                                       | 6,765                                        |
| Net income                                                    | 39,189                                       | 6,144                                        |
| Profit attributable to non-controlling interests              | 3,908                                        | 2,725                                        |
| Profit attributable to owners of parent                       | 35,281                                       | 3,419                                        |

## (Consolidated Comprehensive Income Statement)

(million yen)

|                                                                                      | FY 2017<br>(April 1, 2017 to March 31, 2018) | FY 2018<br>(April 1, 2018 to March 31, 2019) |
|--------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Net income                                                                           | 39,189                                       | 6,144                                        |
| Other comprehensive income                                                           |                                              |                                              |
| Valuation difference on available-for-sale securities                                | 9,926                                        | (9,752)                                      |
| Foreign currency translation adjustment                                              | 2,200                                        | 647                                          |
| Remeasurements of defined benefit plans, net of tax                                  | 1,340                                        | (1,195)                                      |
| Share of other comprehensive income of entities<br>accounted for using equity method | 704                                          | (777)                                        |
| Total other comprehensive income                                                     | 14,172                                       | (11,077)                                     |
| Comprehensive income                                                                 | 53,362                                       | (4,933)                                      |
| (Detail)                                                                             |                                              |                                              |
| Comprehensive income attributable to owners of parent                                | 48,726                                       | (7,346)                                      |
| Comprehensive income attributable to non-controlling<br>interests                    | 4,636                                        | 2,412                                        |

(3) Consolidated Statement of Changes in Equity  
FY 2017 (April 1, 2017 to March 31, 2018)

(million yen)

|                                                                                                          | Shareholders' equity |                 |                   |                |                            |
|----------------------------------------------------------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------------------------|
|                                                                                                          | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period                                                               | 23,335               | 22,759          | 341,188           | (1,157)        | 386,126                    |
| Changes of items during the period                                                                       |                      |                 |                   |                |                            |
| Dividends from surplus                                                                                   |                      |                 | (8,648)           |                | (8,648)                    |
| Profit attributable to owners of parent                                                                  |                      |                 | 35,281            |                | 35,281                     |
| Purchase of treasury stock                                                                               |                      |                 |                   | (16)           | (16)                       |
| Disposal of treasury stock                                                                               |                      |                 |                   | 850            | 850                        |
| Purchase of treasury stock of consolidated subsidiaries                                                  |                      |                 |                   |                | —                          |
| Increase (decrease) due to merger of consolidated subsidiaries                                           |                      |                 |                   |                | —                          |
| Change in treasury stock of parent arising from transactions with non-controlling shareholders           |                      | 77              |                   |                | 77                         |
| Increase in retained earnings arising from an increase in entities accounted for using the equity method |                      |                 |                   |                | —                          |
| Net changes of items other than shareholders' equity                                                     |                      |                 |                   |                |                            |
| Total changes of items during the period                                                                 | —                    | 77              | 26,633            | 834            | 27,545                     |
| Ending balance                                                                                           | 23,335               | 22,837          | 367,822           | (323)          | 413,672                    |

|                                                                                                          | Accumulated other comprehensive income                |                                         |                                         |                                              | Non-controlling interests | Total net assets |
|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
|                                                                                                          | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at the beginning of current period                                                               | 47,573                                                | 9,961                                   | (24,995)                                | 32,539                                       | 36,445                    | 455,111          |
| Changes of items during the period                                                                       |                                                       |                                         |                                         |                                              |                           |                  |
| Dividends from surplus                                                                                   |                                                       |                                         |                                         |                                              |                           | (8,648)          |
| Profit attributable to owners of parent                                                                  |                                                       |                                         |                                         |                                              |                           | 35,281           |
| Purchase of treasury stock                                                                               |                                                       |                                         |                                         |                                              |                           | (16)             |
| Disposal of treasury stock                                                                               |                                                       |                                         |                                         |                                              |                           | 850              |
| Purchase of treasury stock of consolidated subsidiaries                                                  |                                                       |                                         |                                         |                                              |                           | —                |
| Increase (decrease) due to merger of consolidated subsidiaries                                           |                                                       |                                         |                                         |                                              |                           | —                |
| Change in treasury stock of parent arising from transactions with non-controlling shareholders           |                                                       |                                         |                                         |                                              |                           | 77               |
| Increase in retained earnings arising from an increase in entities accounted for using the equity method |                                                       |                                         |                                         |                                              |                           | —                |
| Net changes of items other than shareholders' equity                                                     | 9,916                                                 | 1,948                                   | 1,579                                   | 13,444                                       | 3,793                     | 17,237           |
| Total changes of items during the period                                                                 | 9,916                                                 | 1,948                                   | 1,579                                   | 13,444                                       | 3,793                     | 44,783           |
| Ending balance                                                                                           | 57,490                                                | 11,909                                  | (23,416)                                | 45,983                                       | 40,238                    | 499,894          |

FY 2018 (April 1, 2018 to March 31, 2019)

(million yen)

|                                                                                                          | Shareholders' equity |                 |                   |                |                            |
|----------------------------------------------------------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------------------------|
|                                                                                                          | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period                                                               | 23,335               | 22,837          | 367,822           | (323)          | 413,672                    |
| Changes of items during the period                                                                       |                      |                 |                   |                |                            |
| Dividends from surplus                                                                                   |                      |                 | (8,648)           |                | (8,648)                    |
| Profit attributable to owners of parent                                                                  |                      |                 | 3,419             |                | 3,419                      |
| Purchase of treasury stock                                                                               |                      |                 |                   | (0)            | (0)                        |
| Disposal of treasury stock                                                                               |                      |                 |                   | 98             | 98                         |
| Purchase of treasury stock of consolidated subsidiaries                                                  |                      | 4               |                   |                | 4                          |
| Increase (decrease) due to merger of consolidated subsidiaries                                           |                      | 126             |                   |                | 126                        |
| Change in treasury stock of parent arising from transactions with non-controlling shareholders           |                      | 275             |                   |                | 275                        |
| Increase in retained earnings arising from an increase in entities accounted for using the equity method |                      |                 | 11                |                | 11                         |
| Net changes of items other than shareholders' equity                                                     |                      |                 |                   |                |                            |
| Total changes of items during the period                                                                 | —                    | 407             | (5,217)           | 97             | (4,713)                    |
| Ending balance                                                                                           | 23,335               | 23,244          | 362,604           | (226)          | 408,959                    |

|                                                                                                          | Accumulated other comprehensive income                |                                         |                                         |                                              | Non-controlling interests | Total net assets |
|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
|                                                                                                          | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at the beginning of current period                                                               | 57,490                                                | 11,909                                  | (23,416)                                | 45,983                                       | 40,238                    | 499,894          |
| Changes of items during the period                                                                       |                                                       |                                         |                                         |                                              |                           |                  |
| Dividends from surplus                                                                                   |                                                       |                                         |                                         |                                              |                           | (8,648)          |
| Profit attributable to owners of parent                                                                  |                                                       |                                         |                                         |                                              |                           | 3,419            |
| Purchase of treasury stock                                                                               |                                                       |                                         |                                         |                                              |                           | (0)              |
| Disposal of treasury stock                                                                               |                                                       |                                         |                                         |                                              |                           | 98               |
| Purchase of treasury stock of consolidated subsidiaries                                                  |                                                       |                                         |                                         |                                              |                           | 4                |
| Increase (decrease) due to merger of consolidated subsidiaries                                           |                                                       |                                         |                                         |                                              |                           | 126              |
| Change in treasury stock of parent arising from transactions with non-controlling shareholders           |                                                       |                                         |                                         |                                              |                           | 275              |
| Increase in retained earnings arising from an increase in entities accounted for using the equity method |                                                       |                                         |                                         |                                              |                           | 11               |
| Net changes of items other than shareholders' equity                                                     | (9,795)                                               | 247                                     | (1,217)                                 | (10,765)                                     | 1,083                     | (9,682)          |
| Total changes of items during the period                                                                 | (9,795)                                               | 247                                     | (1,217)                                 | (10,765)                                     | 1,083                     | (14,395)         |
| Ending balance                                                                                           | 47,694                                                | 12,157                                  | (24,633)                                | 35,218                                       | 41,321                    | 485,498          |

## (4) Consolidated Cash Flow Statement

(million yen)

|                                                                                                                     | FY 2017<br>(April 1, 2017 to March 31, 2018) | FY 2018<br>(April 1, 2018 to March 31, 2019) |
|---------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Cash flows from operating activities                                                                                |                                              |                                              |
| Income before income taxes                                                                                          | 52,866                                       | 12,909                                       |
| Depreciation and amortization                                                                                       | 43,970                                       | 46,829                                       |
| Impairment loss                                                                                                     | 18                                           | 14,749                                       |
| Increase (decrease) in provision for bonuses                                                                        | 355                                          | (94)                                         |
| Increase (decrease) in net defined benefit asset or liability                                                       | 2,138                                        | 3,647                                        |
| Interest and dividend income                                                                                        | (2,737)                                      | (2,993)                                      |
| Interest expenses                                                                                                   | 2,335                                        | 2,798                                        |
| Foreign exchange losses (gains)                                                                                     | (3,011)                                      | 2,095                                        |
| Share of (profit) loss of entities accounted for using equity method                                                | (6,510)                                      | (4,033)                                      |
| Loss (gain) on sales and retirement of property, plant and equipment                                                | 2,570                                        | 2,745                                        |
| Decrease (increase) in notes and accounts receivable-trade                                                          | 6,248                                        | 5,770                                        |
| Decrease (increase) in inventories                                                                                  | (11,883)                                     | 2,762                                        |
| Increase (decrease) in notes and accounts payable-trade                                                             | (4,722)                                      | (10,932)                                     |
| Other, net                                                                                                          | 1,031                                        | (876)                                        |
| Subtotal                                                                                                            | 82,667                                       | 75,376                                       |
| Interest and dividend income received                                                                               | 3,759                                        | 4,188                                        |
| Interest expenses paid                                                                                              | (2,348)                                      | (2,705)                                      |
| Income taxes paid                                                                                                   | (14,551)                                     | (13,004)                                     |
| Cash flows from operating activities                                                                                | 69,526                                       | 63,854                                       |
| Cash flows from investing activities                                                                                |                                              |                                              |
| Decrease (increase) in time deposits                                                                                | 1,064                                        | 29                                           |
| Payments of long-term loans receivable                                                                              | (1,934)                                      | —                                            |
| Purchase of investment securities                                                                                   | (330)                                        | (9,819)                                      |
| Purchase of property, plant and equipment                                                                           | (58,293)                                     | (68,527)                                     |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation                                    | —                                            | (2,692)                                      |
| Proceeds from sales of property, plant and equipment                                                                | 1,587                                        | 2,304                                        |
| Purchase of intangible assets                                                                                       | (258)                                        | (568)                                        |
| Other, net                                                                                                          | (517)                                        | 15                                           |
| Cash flows from investing activities                                                                                | (58,681)                                     | (79,259)                                     |
| Cash flows from financing activities                                                                                |                                              |                                              |
| Net increase (decrease) in short-term loans payable                                                                 | 3,433                                        | 7,553                                        |
| Proceeds from long-term loans payable                                                                               | 4,000                                        | 18,641                                       |
| Repayment of long-term loans payable                                                                                | (10,924)                                     | (9,430)                                      |
| Repayment of finance lease obligations                                                                              | (483)                                        | (144)                                        |
| Net decrease (increase) in treasury stock                                                                           | 834                                          | 97                                           |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | —                                            | (110)                                        |
| Cash dividends paid                                                                                                 | (8,648)                                      | (8,648)                                      |
| Dividends paid to non-controlling interests                                                                         | (614)                                        | (1,313)                                      |
| Other, net                                                                                                          | (607)                                        | (11)                                         |
| Cash flows from financing activities                                                                                | (13,010)                                     | 6,633                                        |
| Effect of exchange rate change on cash and cash equivalents                                                         | 955                                          | (280)                                        |
| Net increase (decrease) in cash and cash equivalents                                                                | (1,209)                                      | (9,052)                                      |
| Cash and cash equivalents at beginning of period                                                                    | 90,629                                       | 89,420                                       |
| Increase in cash and cash equivalents from newly consolidated subsidiary                                            | —                                            | 393                                          |
| Cash and cash equivalents at end of period                                                                          | 89,420                                       | 80,761                                       |

- (5) Notes Concerning Consolidated Financial Statements  
 (Notes Concerning the Going Concern Assumption)  
 None.

(Material Changes in Subsidiaries during the Current Consolidated Fiscal Year)

Nitto Denko (Suzhou) Co., Ltd. was included in the scope of consolidation due to the acquisition of its equity interest during the first quarter of the current consolidated fiscal year. Nitto Denko (Suzhou) Co., Ltd. was renamed Mektec Manufacturing Corporation (Suzhou2) as a result of the acquisition. Mektec Manufacturing Corporation (Suzhou2) fell under specified subsidiary. At the Board of Directors meeting held on July 12, 2018, it was decided that Mektec Manufacturing Corp. (Suzhou), Ltd., a specified subsidiary of the Company, merge with Mektec Manufacturing Corporation (Suzhou2) by way of an absorption-type merger. The two companies merged as of October 1, 2018.

(Changes in Method of Presentation)

(Adoption of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

Pursuant to “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, Feb 16, 2018) adopted from the beginning of the current consolidated fiscal year, deferred tax assets and deferred tax liabilities are shown in the sections of investments and other assets and noncurrent liabilities, respectively.

(Additional Information)

(Transactions that issue own shares to employees, etc. through trust)

NOK decided to introduce an incentive plan in the form of the Employee Stock Ownership Plan Trust (the “ESOP Trust”) via resolution of the Board of Directors held on November 10, 2015. With the ESOP Trust, employee benefits are linked to financial results and stock prices so as to enhance employee motivation to further promote business execution that aims for the increase in financial results as well as to increase corporate value over the medium to long term. This plan was abolished in April 2018.

(i) Outline of the ESOP Trust

The ESOP Trust is an incentive plan designed with reference to the ESOP system in the US. Its purpose is to promote the asset formation of employees and enhance employee benefits using NOK stock.

The beneficiaries of the NOK Corporation’s ESOP Trust are members of the ESOP who satisfy certain conditions. The ESOP Trust shall, within a predefined period of time, acquire the stock scheduled for acquisition by the ESOP over the next five years from the stock market. The ESOP Trust will then sell the stock to the ESOP at a set date each month. Upon the expiration of the ESOP Trust, any profits gained by an increase in the stock price shall be distributed to the beneficiaries in proportion to their contributions. Any debts resulting from a decrease in the stock price shall be paid to the bank by NOK Corporation pursuant to the warranty clause in the loan agreement.

(ii) The Company’s own stock that remains in the trust

NOK stock that remains in the trust has been posted as treasury stock under net assets based on its book value (excluding the amount of incidental expenses) in the trust. Book value and number of said treasury stock were 98 million yen and 29 thousand shares, respectively, in the previous consolidated fiscal year, and – yen and – shares, respectively, in the current consolidated fiscal year.

(iii) Book value of loans payable posted due to the application of the gross method

1,320 million yen in the previous consolidated fiscal year and – yen in the current consolidated fiscal year.

## (Segment Information)

## [Segment Information]

## 1. Outline of reportable segments

NOK's reportable segments are constituents of NOK for which separate financial information is available, and that are reviewed by the Board of Directors on a regular basis in order to evaluate business results and determine the best distribution of management resources.

The NOK Group classifies business segments by taking into consideration the product series and similarities between the markets. Each department controlling the relevant segments establishes comprehensive business strategies concerning the products and services to develop respective business activities.

The businesses of the NOK Group consist of four reportable segments: the "seal business," "electronic product business," "roll business" and "other businesses."

In the "seal business," NOK is the main company of the Group to manufacture and sell seal products for manufacturers of automobile, construction machinery and general industrial machinery. In the "electronic product business," Nippon Mektron, Ltd. is the Group's leader in the manufacture and sale of electronic parts, etc., mainly for the electronic equipment industry. In the "roll business," NOK and Synztec Co., Ltd. play a central role in the manufacture and sale of roll products, etc., mainly for the office machine industry. And in "other businesses," NOK and NOK Klueber Co., Ltd. are Group leaders in the manufacture and sale of specialty lubricants, etc.

## 2. Calculation method for net sales, income (loss), assets and other items by reportable segment

The principles and procedures of the accounting method for reportable business segments are the same as those used in the preparation of consolidated financial statements.

Reportable segment income represents the amount of operating income.

Inter-segment sales and transfers are based on current market prices.

## 3. Information regarding net sales, income (loss), assets, liabilities and other items by reportable segment

FY 2017 (April 1, 2017 to March 31, 2018)

(million yen)

|                                                                 | Reportable segments |                       |        |        | Total   | Adjustments<br>(Note 1) | Amount<br>included in the<br>consolidated<br>financial<br>statements<br>(Note 2) |
|-----------------------------------------------------------------|---------------------|-----------------------|--------|--------|---------|-------------------------|----------------------------------------------------------------------------------|
|                                                                 | Seal                | Electronic<br>product | Roll   | Other  |         |                         |                                                                                  |
| Net sales                                                       |                     |                       |        |        |         |                         |                                                                                  |
| Net sales to external customers                                 | 336,866             | 361,101               | 20,831 | 10,542 | 729,341 | —                       | 729,341                                                                          |
| Inter-segment sales/transfers                                   | 2,335               | 17                    | 5      | 431    | 2,789   | (2,789)                 | —                                                                                |
| Total                                                           | 339,201             | 361,118               | 20,836 | 10,974 | 732,130 | (2,789)                 | 729,341                                                                          |
| Segment income (loss)                                           | 40,808              | 2,963                 | (49)   | 1,100  | 44,822  | 111                     | 44,934                                                                           |
| Segment assets                                                  | 337,908             | 267,943               | 33,636 | 9,172  | 648,660 | 144,653                 | 793,314                                                                          |
| Other items                                                     |                     |                       |        |        |         |                         |                                                                                  |
| Depreciation and amortization                                   | 18,881              | 23,884                | 1,013  | 192    | 43,970  | —                       | 43,970                                                                           |
| Increase in property, plant and equipment and intangible assets | 32,101              | 25,004                | 697    | 585    | 58,388  | —                       | 58,388                                                                           |

## Notes:

## 1. Adjustments are as shown below:

- (1) The amount of 111 million yen in Adjustments of segment income (loss) represents the result of the elimination of inter-segment transactions.
- (2) The amount of 144,653 million yen in Adjustments of segment assets includes 155,316 million yen in corporate assets which are not allocated to individual reportable segments and (10,663) million yen in offset elimination of inter-segment claims and debts.

## 2. Segment income (loss) is adjusted for operating income stated in the consolidated financial statements.

FY 2018 (April 1, 2018 to March 31, 2019)

(million yen)

|                                                                    | Reportable segments |                       |        |        | Total   | Adjustments<br>(Note 1) | Amount<br>included in the<br>consolidated<br>financial<br>statements<br>(Note 2) |
|--------------------------------------------------------------------|---------------------|-----------------------|--------|--------|---------|-------------------------|----------------------------------------------------------------------------------|
|                                                                    | Seal                | Electronic<br>product | Roll   | Other  |         |                         |                                                                                  |
| Net sales                                                          |                     |                       |        |        |         |                         |                                                                                  |
| Net sales to external customers                                    | 341,680             | 297,374               | 20,071 | 10,356 | 669,482 | —                       | 669,482                                                                          |
| Inter-segment sales/transfers                                      | 1,925               | 47                    | 1      | 435    | 2,409   | (2,409)                 | —                                                                                |
| Total                                                              | 343,605             | 297,421               | 20,072 | 10,792 | 671,892 | (2,409)                 | 669,482                                                                          |
| Segment income (loss)                                              | 36,209              | (14,151)              | (129)  | 1,203  | 23,132  | 7                       | 23,140                                                                           |
| Segment assets                                                     | 376,351             | 245,376               | 32,525 | 10,555 | 664,809 | 120,323                 | 785,133                                                                          |
| Other items                                                        |                     |                       |        |        |         |                         |                                                                                  |
| Depreciation and amortization                                      | 21,169              | 24,449                | 986    | 235    | 46,840  | —                       | 46,840                                                                           |
| Increase in property, plant and equipment<br>and intangible assets | 41,482              | 28,855                | 788    | 331    | 71,456  | —                       | 71,456                                                                           |

Notes:

- Adjustments are as shown below:
  - The amount of 7 million yen in Adjustments of segment income (loss) represents the result of the elimination of inter-segment transactions.
  - The amount of 120,323 million yen in Adjustments of segment assets includes 131,986 million yen in corporate assets which are not allocated to individual reportable segments and (11,662) million yen in offset elimination of inter-segment claims and debts.
- Segment income (loss) is adjusted for operating income stated in the consolidated financial statements.

[Information regarding impairment loss on fixed assets by reportable segment]

FY 2017 (April 1, 2017 to March 31, 2018)

Details of the total amount of impairment loss on fixed assets by reportable segment have been omitted due to its insignificance.

FY 2018 (April 1, 2018 to March 31, 2019)

(million yen)

|                 | Seal | Electronic<br>product | Roll | Other | Company /<br>Elimination | Total  |
|-----------------|------|-----------------------|------|-------|--------------------------|--------|
| Impairment loss | —    | 14,634                | 115  | —     | —                        | 14,749 |

[Information regarding amortization of goodwill and unamortized balance by reportable segment]

FY 2017 (April 1, 2017 to March 31, 2018)

Details of total amortization of goodwill and unamortized balance by reportable segment have been omitted due to their insignificance.

FY 2018 (April 1, 2018 to March 31, 2019)

(million yen)

|                                   | Seal | Electronic<br>product | Roll | Other | Company /<br>Elimination | Total |
|-----------------------------------|------|-----------------------|------|-------|--------------------------|-------|
| Amortization during the<br>period | 69   | 205                   | —    | —     | —                        | 274   |
| Ending balance                    | 51   | 1,034                 | —    | —     | —                        | 1,086 |

## (Per Share Information)

|                      | FY 2017<br>(April 1, 2017 to March 31, 2018) | FY 2018<br>(April 1, 2018 to March 31, 2019) |
|----------------------|----------------------------------------------|----------------------------------------------|
| Net assets per share | 2,657.85 yen                                 | 2,567.92 yen                                 |
| Net income per share | 204.17 yen                                   | 19.77 yen                                    |

- Notes: 1. Diluted net income per share is not shown as there are no residual securities.  
2. Shares of the Company held by the Employee Stock Ownership Plan Trust (ESOP Trust) account have been included in the treasury stock that is deducted from the total number of issued and outstanding shares at the end of fiscal year, upon the calculation of "Net assets per share." (29 thousand shares in FY 2017; – shares in FY 2018)  
3. Shares of the Company held by the Employee Stock Ownership Plan Trust (ESOP Trust) account are included in the treasury stock deducted from the average number of shares upon the calculation of "Net income per share." (160 thousand shares in FY 2017; 3 thousand shares in FY 2018)  
4. The basis of the computation of net assets per share is as shown below:

|                                                                                    | FY 2017<br>(April 1, 2017<br>to March 31, 2018) | FY 2018<br>(April 1, 2018<br>to March 31, 2019) |
|------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| Total net assets (million yen)                                                     | 499,894                                         | 485,498                                         |
| Deductions from total net assets (million yen)                                     | 40,238                                          | 41,321                                          |
| (Non-controlling interests)                                                        | [40,238]                                        | [41,321]                                        |
| Net assets at the end of current period attributable to common stock (million yen) | 459,655                                         | 444,177                                         |
| Number of shares at the end of current period (1,000 shares)                       | 172,942                                         | 172,971                                         |

5. The basis of the computation of net income per share is as shown below:

|                                                                                    | FY 2017<br>(April 1, 2017<br>to March 31, 2018) | FY 2018<br>(April 1, 2018<br>to March 31, 2019) |
|------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| Profit attributable to owners of parent (million yen)                              | 35,281                                          | 3,419                                           |
| Amount not attributable to common stock (million yen)                              | –                                               | –                                               |
| Profit attributable to owners of parent attributable to common stock (million yen) | 35,281                                          | 3,419                                           |
| Average number of shares during the period (1,000 shares)                          | 172,806                                         | 172,968                                         |

6. Shares of the Company held by the Employee Stock Ownership Plan Trust (ESOP Trust) account have been deducted from the "Number of shares at the end of current period" and the "Average number of shares during the period."

## (Significant Subsequent Events)

None.