

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.



Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 10, 2018

Company name: NITTO KOHKI CO., LTD.
Stock exchange listing: Tokyo
Stock code: 6151 URL <http://www.nitto-kohki.co.jp>
Representative: Representative Director, President Naoyuki Kotake
Inquiries: Director Yutaka Nishida TEL 03-3755-1111
Scheduled date of ordinary general meeting of shareholders: June 20, 2018
Scheduled date to file Securities Report: June 21, 2018
Scheduled date to commence dividend payments: June 21, 2018
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2018	28,213	6.3	5,456	20.9	5,493	21.4	3,731	25.4
Year ended March 31, 2017	26,530	(2.6)	4,514	(11.1)	4,524	(12.5)	2,975	(11.4)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2018	175.59	—	7.3	9.2	19.3
Year ended March 31, 2017	140.02	—	6.1	7.9	17.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	61,821	52,807	85.4	2,484.97
As of March 31, 2017	57,563	49,746	86.4	2,340.93

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2018	4,980	(4,021)	(1,389)	14,889
Year ended March 31, 2017	4,884	(3,989)	(1,283)	15,286

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2017	—	26.00	—	26.00	52.00	1,104	37.1	2.3
Year ended March 31, 2018	—	30.00	—	41.00	71.00	1,508	40.4	2.9
Year ending March 31, 2019 (Forecast)	—	34.50	—	34.50	69.00		40.2	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2018	14,460	4.1	2,710	(1.0)	2,750	(1.0)	1,930	(0.9)	90.83
Full year	28,700	1.7	5,170	(5.3)	5,280	(3.9)	3,650	(2.2)	171.78

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2018	21,803,295 shares	As of March 31, 2017	21,803,295 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2018	555,561 shares	As of March 31, 2017	555,461 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2018	21,247,815 shares	Year ended March 31, 2017	21,248,037 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	23,734	25,904
Notes and accounts receivable - trade	6,850	7,310
Securities	5,401	4,699
Merchandise and finished goods	3,038	3,227
Work in process	206	276
Raw materials and supplies	1,558	1,844
Deferred tax assets	559	670
Other	280	341
Allowance for doubtful accounts	(3)	(3)
Total current assets	41,626	44,272
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,705	11,053
Accumulated depreciation	(5,065)	(5,318)
Buildings and structures, net	5,640	5,734
Machinery, equipment and vehicles	3,319	3,698
Accumulated depreciation	(2,322)	(2,569)
Machinery, equipment and vehicles, net	996	1,128
Tools, furniture and fixtures	6,735	6,791
Accumulated depreciation	(6,145)	(6,191)
Tools, furniture and fixtures, net	590	599
Land	3,824	3,684
Leased assets	1,690	1,716
Accumulated depreciation	(494)	(583)
Leased assets, net	1,195	1,133
Construction in progress	173	210
Total property, plant and equipment	12,421	12,492
Intangible assets		
Other	226	485
Total intangible assets	226	485
Investments and other assets		
Investment securities	2,055	3,540
Long-term loans receivable	71	60
Deferred tax assets	356	498
Other	822	488
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	3,289	4,571
Total non-current assets	15,937	17,548
Total assets	57,563	61,821

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	561	751
Lease obligations	200	205
Income taxes payable	557	1,651
Provision for bonuses	546	629
Provision for directors' bonuses	21	20
Other	1,379	1,550
Total current liabilities	3,266	4,807
Non-current liabilities		
Lease obligations	991	923
Net defined benefit liability	2,483	2,545
Provision for directors' retirement benefits	346	383
Asset retirement obligations	10	11
Other	718	341
Total non-current liabilities	4,550	4,205
Total liabilities	7,817	9,013
Net assets		
Shareholders' equity		
Capital stock	1,850	1,850
Capital surplus	1,924	1,924
Retained earnings	46,264	48,805
Treasury shares	(918)	(918)
Total shareholders' equity	49,120	51,661
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	816	1,138
Foreign currency translation adjustment	(168)	23
Remeasurements of defined benefit plans	(27)	(23)
Total accumulated other comprehensive income	619	1,139
Non-controlling interests	6	7
Total net assets	49,746	52,807
Total liabilities and net assets	57,563	61,821

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	26,530	28,213
Cost of sales	13,136	13,598
Gross profit	13,394	14,615
Selling, general and administrative expenses		
Salaries and allowances	2,348	2,359
Provision for bonuses	300	355
Retirement benefit expenses	180	176
Provision for directors' retirement benefits	36	36
Promotion expenses	896	919
Research and development expenses	679	796
Other	4,438	4,514
Total selling, general and administrative expenses	8,880	9,158
Operating profit	4,514	5,456
Non-operating income		
Interest income	32	40
Dividend income	55	53
House rent income	31	31
Other	57	48
Total non-operating income	176	174
Non-operating expenses		
Sales discounts	97	105
Foreign exchange losses	56	13
Other	11	18
Total non-operating expenses	166	137
Ordinary profit	4,524	5,493
Extraordinary income		
Gain on sales of non-current assets	—	98
Total extraordinary income	—	98
Extraordinary losses		
Loss on sales of non-current assets	—	57
Total extraordinary losses	—	57
Profit before income taxes	4,524	5,533
Income taxes - current	1,441	2,199
Income taxes - deferred	106	(396)
Total income taxes	1,548	1,802
Profit	2,975	3,731
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	2,975	3,731

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	2,975	3,731
Other comprehensive income		
Valuation difference on available-for-sale securities	186	322
Foreign currency translation adjustment	(429)	192
Remeasurements of defined benefit plans, net of tax	(1)	4
Total other comprehensive income	(244)	519
Comprehensive income	2,731	4,251
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,731	4,250
Comprehensive income attributable to non-controlling interests	(0)	0

Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,850	1,925	44,372	(917)	47,230
Changes of items during period					
Dividends of surplus			(1,083)		(1,083)
Profit attributable to owners of parent			2,975		2,975
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(1)			(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(1)	1,891	(0)	1,889
Balance at end of current period	1,850	1,924	46,264	(918)	49,120

	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 beginning of current period	630	259	(26)	863	13	48,107
Changes of items during period						
Dividends of surplus						(1,083)
Profit attributable to owners of parent						2,975
Purchase of treasury shares						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						(1)
Net changes of items other than shareholders' equity	186	(428)	(1)	(243)	(7)	(250)
Total changes of items during period	186	(428)	(1)	(243)	(7)	1,638
Balance at end of current period	816	(168)	(27)	619	6	49,746

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,850	1,924	46,264	(918)	49,120
Changes of items during period					
Dividends of surplus			(1,189)		(1,189)
Profit attributable to owners of parent			3,731		3,731
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	2,541	(0)	2,540
Balance at end of current period	1,850	1,924	48,805	(918)	51,661

	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 beginning of current period	816	(168)	(27)	619	6	49,746
Changes of items during period						
Dividends of surplus						(1,189)
Profit attributable to owners of parent						3,731
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	322	192	4	519	0	520
Total changes of items during period	322	192	4	519	0	3,061
Balance at end of current period	1,138	23	(23)	1,139	7	52,807

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	4,524	5,533
Depreciation	1,197	1,139
Amortization of long-term prepaid expenses	6	8
Increase (decrease) in provision for directors' retirement benefits	36	36
Increase (decrease) in provision for bonuses	(3)	82
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in net defined benefit liability	24	69
Interest and dividend income	(87)	(93)
Loss (gain) on sales of property, plant and equipment	–	(40)
Decrease (increase) in notes and accounts receivable - trade	(111)	(447)
Decrease (increase) in inventories	678	(494)
Decrease (increase) in other current assets	(16)	(2)
Increase (decrease) in notes and accounts payable - trade	(239)	191
Increase (decrease) in accrued consumption taxes	187	(201)
Increase (decrease) in other current liabilities	107	180
Increase (decrease) in other non-current liabilities	(60)	28
Other, net	40	62
Subtotal	6,283	6,053
Interest and dividend income received	134	82
Income taxes paid	(1,533)	(1,155)
Net cash provided by (used in) operating activities	4,884	4,980
Cash flows from investing activities		
Payments into time deposits	(34,721)	(30,115)
Proceeds from withdrawal of time deposits	32,245	28,795
Purchase of securities	(2,301)	(1,899)
Proceeds from redemption of securities	2,000	1,401
Purchase of investment securities	(20)	(1,020)
Proceeds from sales of investment securities	3	–
Purchase of property, plant and equipment	(1,001)	(1,099)
Proceeds from sales of property, plant and equipment	15	256
Purchase of intangible assets	(158)	(301)
Purchase of long-term prepaid expenses	(37)	(25)
Payments of loans receivable	(1)	(2)
Collection of loans receivable	16	12
Other, net	(28)	(24)
Net cash provided by (used in) investing activities	(3,989)	(4,021)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Dividends paid to non-controlling interests	(0)	(0)
Cash dividends paid	(1,083)	(1,189)
Repayments of lease obligations	(191)	(199)
Purchase of treasury shares of subsidiaries	(7)	–
Net cash provided by (used in) financing activities	(1,283)	(1,389)
Effect of exchange rate change on cash and cash equivalents	(100)	33
Net increase (decrease) in cash and cash equivalents	(490)	(396)
Cash and cash equivalents at beginning of period	15,776	15,286
Cash and cash equivalents at end of period	15,286	14,889