

**Consolidated Financial Results for the First Quarter of the Fiscal Year
Ending March 31, 2019 (April1, 2018 to June30, 2018)
<Japanese GAAP>**

August 6, 2018

Company Name: **NICHIAS Corporation**
 Stock Exchange Listing: Tokyo Stock Exchange (Code number 5393)
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 Scheduled date of filing of quarterly consolidated financial statements: August 9, 2018
 Supplementary materials for financial results: Available
 Organization of financial results briefing: None
 Scheduled date of commencement of dividend payment: —

(Fractional amounts of less than ¥1 million are discarded.)

1. Consolidated financial results for the first quarter of the Fiscal Year 2018

(April 1, 2018 to June 30, 2018)

(1) Operating Results (cumulative)

(Percentage figures represent changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2018 Q1	52,701	18.6	6,466	38.7	6,706	38.8	4,647	36.7
FY 2017 Q1	44,424	13.2	4,661	20.3	4,831	32.7	3,400	43.0

Note: Comprehensive income FY 2018 Q1 ¥4,061 million---10.7%, FY2017 Q1 ¥3,668 million---105.6%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY 2018 Q1	34.79	—
FY 2017 Q1	25.18	25.17

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	194,345	110,084	56.2
As of March 31, 2018	196,459	109,705	55.6

(Reference) Shareholders' equity: FY 2018 Q1 ¥109,236 million, As of March 31, 2018 (FY 2017) ¥109,195 million

2. Dividends

	Annual Dividends				
	End of 1 st quarter	End of 1 st half	End of 3 rd quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2017	—	14.00	—	16.00	30.00
FY 2018	—				
FY 2018 (Forecast)		16.00	—	32.00	—

Note: Adjustments from the most recently released dividend forecast: None

*The Company carried out a reverse stock split on a one-for-two basis on October 1, 2018. Accordingly, the year-end dividends per share planned for the FY2018 take into account the impact of this reverse stock split, and total annual dividends are indicated with "—" When the reverse stock split is not taken into account, the year-end dividends per share planned for the FY 2018 would be 16 yen per share and annual dividends per share would be 32 yen. Please refer to the "Information concerning proper use of financial forecasts and other special notes."

3. Forecast of consolidated financial results for Fiscal Year 2018 (April 1, 2018 to March 31, 2019)

(Percentage figures represent changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	105,000	14.0	11,500	20.1	11,800	19.4	8,100	20.0	60.84
Full year	210,000	6.3	22,000	3.0	22,500	3.2	15,300	2.3	230.24

Note: Adjustments from the most recently released consolidated results forecast: Yes

*The basic earnings per share in the consolidated earnings forecasts for the full FY 2018 takes into account the impact of the reverse stock split. Please refer to the "Information concerning proper use of financial forecasts and other special notes."

*Notes

- (1) Changes in significant subsidiaries during the consolidated quarter under review: None
- (2) Application of specific accounting methods in the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
 - 1) Changes in accounting policies due to revision of accounting standards: None
 - 2) Changes other than those in 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Restatements: None

(4) Number of shares outstanding (ordinary shares)

- 1) Number of shares issued at the end of the fiscal year (including treasury stock)

FY 2018 Q1	(As of June 30, 2018)	135,623,834 shares
FY 2017	(As of March 31, 2018)	135,623,834 shares
- 2) Number of shares of treasury stock at the end of the fiscal year

FY 2018 Q1	(As of June 30, 2018)	2,944,494 shares
FY2017	(As of March 31, 2018)	1,579,217 shares
- 3) Average number of shares outstanding during the fiscal year

FY 2018 Q1	(As of June 30, 2018)	133,579,113 shares
FY 2017 Q1	(As of June 30, 2017)	135,080,448 shares

*The consolidated financial results for the first quarter of the fiscal year ending March 31, 2019 are not subject to quarterly review by a certified public accountant or auditor.

*Information concerning proper use of financial forecasts and other special notes

Information concerning forward-looking statements

Forward-looking statements concerning financial forecasts contained in these materials are based on information available to the Company when the forecasts were made and certain assumptions judged to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual results may differ significantly from the forecasts due to a variety of factors.

Dividend and consolidated earnings forecasts after reverse stock split

At the 202nd General Meeting of Shareholders held on June 28, 2018, a reverse stock split was approved. A reverse stock split at a ratio of 2 to 1 was carried out on October 1, 2018 based on the number of shares held by shareholders listed in the register on September 30 (in effect, September 28), 2018. In conjunction with this change, the share trading unit will change on the same date (from 1,000 to 100 shares).

The dividend forecast for the FY 2018 consolidated earnings forecast prior to factoring in this reverse stock split is provided below.

- Dividend forecast for FY 2018: Full-year dividends of 32 yen per share
- Consolidated earnings forecast for the FY 2018: Basic earnings per share for the full year of 115.12 yen

Disclaimer: This is a Japanese-English translation of the summary of financial statements of the Company produced for your convenience. Since no auditor audited this report, officially only the Japanese version is assumed to be the summary of financial statements of the Company. This summary does not constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on these statements. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

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1. Qualitative information on the quarter under review

(1) Explanation of operating results

During the first quarter of the fiscal year, the Japanese economy continued to make a steady recovery as a result of improvements in corporate earnings and the employment environment. Overseas, the US economy continued to recover, and there were signs of an ongoing recovery in the economies of China and other emerging nations.

In these conditions, net sales increased primarily in the Energy and Industrial Plants Division, which saw solid demand from petroleum refining and petrochemical companies, and the Advanced Products Division, which experienced high demand for products for semiconductor production equipment. As a result, net sales for the NICHIAS Group overall increased 18.6% year on year to ¥52,701 million.

In terms of profits, operating income increased 38.7% year on year to ¥6,466 million, ordinary income increased 38.8% year on year to ¥6,706 million, and profit attributable to owners of the parent company increased 36.7% year on year to ¥4,647 million.

As a result of the change in the financial year for some consolidated subsidiaries, the consolidated first quarter is a cumulative six months and both net sales and income rose.

The net sales by segment for the first quarter of the fiscal year are as follows:

Sales in the **Energy and Industrial Plants Division** increased 30.1% year on year to ¥15,331 million. With solid demand from petroleum refining and petrochemical companies, the posting of completed large-scale shipbuilding construction projects contributed.

Sales in the **Industrial Products Division** increased 18.3% year on year to ¥12,046 million. This was due to robust demand for products such as fluoropolymer products, inorganic thermal insulation materials, and environmental products.

Sales in the **Advanced Products Division** increased 24.2% year on year to ¥6,977 million. This was due to high levels of demand for semiconductor production equipment.

Sales in the **Autoparts Division** increased 5.3% year on year to ¥11,536 million. This was due to domestic and foreign demand on par with the previous fiscal year and the impact of changes to the fiscal period of some consolidated subsidiaries.

Sales in the **Building Materials Division** increased 15.8% year on year to ¥6,810 million. This was due to the posting of completed large-scale floor installation work, in addition to higher demand for wrap-type fireproof material.

(2) Explanation of financial position

1) Assets, liabilities, and net assets

Total assets at the FY 2018 Q1 were ¥194,345 million, down ¥2,113 million compared to the end of the previous fiscal year. This was largely because costs on uncompleted construction contracts increased by ¥2,313 million and buildings and structures, net, increased by ¥1,845 million, but accounts receivable from completed construction contracts decreased by ¥3,215 million, cash and deposits decreased by ¥2,543 million, and investment securities by ¥1,713 million.

Liabilities at the FY 2018 Q1 were ¥84,260 million, down ¥2,492 million compared to the end of the previous fiscal year. This was largely a result of decreases in notes and accounts payable-trade by ¥2,333 million, advances received on uncompleted construction contracts of ¥2,190 million, income taxes payable of ¥2,046 million, offsetting the ¥3,247 million in accrued expenses, posted under "other" in current liabilities.

Net assets at the FY 2018 Q1 were ¥110,084 million, up ¥378 million compared to the end of the previous fiscal year. This was largely a result of increases in retained earnings of ¥2,669 million, outweighing a ¥2,002 million decrease in acquisition of treasury stock.

2) Cash flows

Cash and cash equivalents at the FY2018 Q1 (hereinafter, "cash") decreased by ¥2,531 million to ¥23,967 million compared with the end of the previous fiscal year. Cash flows and factors affecting cash flows are as follows:

(Net cash provided by [used in] operating activities)

Net cash provided by operating activities was ¥3,968 million (compared to receipts of ¥4,859 million in the same period of the previous fiscal year).

This was primarily because, while cash decreased due to ¥3,549 million in income taxes paid and a ¥2,332 million increase in advances received on uncompleted construction contracts, cash increased due to ¥6,674 million in income before income taxes and a ¥2,795 million increase in accrued expenses.

(Net cash provided by [used in] investing activities)

Net cash used in investing activities was ¥3,520 million (compared to expenditures of ¥3,089 million in the same period of the previous fiscal year).

This was due to a decrease in cash due to ¥3,122 million in expenditures for the acquisition of property, plant and equipment and ¥364 million in expenditures for the acquisition of intangible fixed assets.

(Net cash provided by [used in] financing activities)

Net cash used in financing activities was ¥4,296 million (compared to expenditures of ¥4,039 million in the same period of the previous fiscal year).

This was due to outflows of cash attributable to ¥2,033 million in cash dividends paid and ¥2,002 million for acquisition of treasury stock.

(3) Explanation of information related to future prospects including consolidated results forecasts

In light of progress with earnings in the first quarter of the consolidated fiscal year, we have revised the forecasts for the first half and the full year for the fiscal year ending on March 31, 2019, released on May 7, 2018. Please refer to "Notification of Changes to Earnings Forecasts," released today, for details.

The Company prepared these earnings forecasts based on the information obtainable on the day that these materials were released, and actual results could differ from forecasts depending on a range of factors.

2. Consolidated financial statements and related notes

(1) Quarterly consolidated balance sheets

	(Millions of yen)	
	FY 2017 Q1 (As of June 30, 2017)	FY 2018 Q1 (As of June 30, 2018)
Assets		
Current assets		
Cash and deposits	27,252	24,708
Notes and accounts receivable-trade	30,297	30,553
Electronically recorded monetary claims	10,031	10,672
Accounts receivable from completed construction contracts	15,504	12,288
Merchandise and finished goods	10,806	11,405
Work in process	2,253	2,407
Raw materials and supplies	7,609	7,837
Costs on uncompleted construction contracts	10,789	13,102
Other	3,990	3,160
Allowance for doubtful accounts	(15)	(15)
Total current assets	118,519	116,123
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	48,266	50,381
Accumulated depreciation and impairment loss	(30,164)	(30,434)
Buildings and structures, net	18,101	19,947
Machinery, equipment and vehicles	67,877	68,431
Accumulated depreciation and impairment loss	(57,527)	(57,966)
Machinery, equipment and vehicles, net	10,349	10,465
Land	14,043	14,043
Lease assets	421	489
Accumulated depreciation	(159)	(182)
Lease assets, net	261	307
Construction in progress	7,439	6,764
Other	8,326	8,500
Accumulated depreciation and impairment loss	(7,455)	(7,565)
Other, net	870	935
Total property, plant and equipment	51,067	52,463
Intangible assets		
Software	905	1,001
Other	352	585
Total intangible assets	1,257	1,587
Investments and other assets		
Investment securities	18,837	17,123
Net defined benefit asset	1,226	1,255
Deferred tax assets	1,649	1,578
Other	3,978	4,282
Allowance for doubtful accounts	(76)	(68)
Total investments and other assets	25,615	24,171
Total noncurrent assets	77,940	78,222
Total assets	196,459	194,345

	(Millions of yen)	
	FY 2017 Q1 (As of June 30, 2017)	FY 2018 Q1 (As of June 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	24,844	22,510
Electronically recorded monetary obligations	9,674	11,443
Current portion of bonds	3,800	8,800
Short-term loans payable	11,160	11,104
Accounts payable-other	4,881	5,029
Income taxes payable	3,566	1,519
Advances received on uncompleted construction contracts	6,684	4,494
Provision for bonuses	2,995	1,729
Other	3,356	6,604
Total current liabilities	70,963	73,270
Noncurrent liabilities		
Bonds payable	6,200	1,000
Long-term loans payable	1,500	1,500
Deferred tax liabilities	1,565	1,873
Net defined benefit liability	4,277	4,309
Reserves for litigation losses	92	92
Other	2,155	2,215
Total noncurrent liabilities	15,790	10,990
Total liabilities	86,753	84,260
Net assets		
Shareholders' equity		
Capital stock	12,128	12,128
Capital surplus	13,857	13,857
Retained earnings	79,680	82,349
Treasury stock	(2,039)	(4,041)
Total shareholders' equity	103,626	104,293
Total other cumulative comprehensive income		
Valuation difference on available-for-sale securities	7,759	7,659
Foreign currency translation adjustment	158	(495)
Remeasurements of defined benefit plans	(2,349)	(2,221)
Total other cumulative comprehensive income	5,568	4,942
Non-controlling interests	510	847
Total net assets	109,705	110,084
Total liabilities and net assets	196,459	194,345

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
Quarterly consolidated statements of income
First quarter of consolidated fiscal year

	(Millions of yen)	
	FY 2017 Q1 (From April 1, 2017 to June 30, 2017)	FY 2018 Q1 (From April 1, 2018 to June 30, 2018)
Net sales		
Net sales of merchandise and finished goods	34,410	38,846
Net sales of completed construction contracts	10,014	13,855
Total net sales	44,424	52,701
Cost of sales		
Cost of merchandise and finished goods sold	24,586	27,810
Cost of sales of completed construction contracts	8,542	11,491
Total cost of sales	33,129	39,302
Gross profit	11,295	13,399
Selling, general and administrative expenses		
Selling expenses	2,021	2,183
General and administrative expenses	4,611	4,749
Total selling, general and administrative expenses	6,633	6,932
Operating income	4,661	6,466
Non-operating income		
Interest income	12	26
Dividends income	151	171
Rent income	84	133
Equity in earnings of affiliates	20	12
Other	51	112
Total non-operating income	319	455
Non-operating expenses		
Interest expenses	39	35
Foreign exchange gains	45	135
Other	65	44
Total non-operating expenses	150	215
Ordinary income	4,831	6,706
Extraordinary income		
Gain on sales of noncurrent assets	1	1
Total extraordinary income	1	1
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	36	33
Total extraordinary losses	36	33
Income before income taxes	4,796	6,674
Income taxes-current	987	1,580
Income taxes-deferred	401	418
Total income taxes	1,389	1,999
Net income	3,407	4,675
Net income attributable to non-controlling interests	6	28
Net income attributable to owners of the parent company	3,400	4,647

Quarterly consolidated statement of comprehensive income
First quarter of consolidated fiscal year

	(Millions of yen)	
	FY 2017 Q1 (From April 1, 2017 to June 30, 2017)	FY 2018 Q1 (From April 1, 2018 to June 30, 2018)
Net income	3,407	4,675
Other comprehensive income		
Valuation difference on available-for-sale securities	585	(99)
Foreign currency translation adjustment	(414)	(643)
Remeasurements of defined benefit plans	89	129
Total other comprehensive income	261	(614)
Comprehensive income	3,668	4,061
Breakdown		
Comprehensive income attributable to owners of the parent company	3,669	4,021
Comprehensive income attributable to minority interests	(0)	39

(3) Quarterly consolidated statements of cash flows

	(Millions of yen)	
	FY 2017 Q1 (From April 1, 2017 to June 30, 2017)	FY 2018 Q1 (From April 1, 2018 to June 30, 2018)
Cash flows from operating activities		
Income before income taxes	4,796	6,674
Depreciation and amortization	1,074	1,348
Increase (decrease) in net defined benefit liability	43	32
Increase (decrease) in provision for bonuses	(1,116)	(1,268)
Interest and dividends income received	(163)	(198)
Interest expenses	39	35
Foreign exchange losses (gains)	79	186
Decrease (increase) in notes and accounts receivable–trade	3,679	2,380
Decrease (increase) in inventories	(302)	(773)
Decrease (increase) in costs on uncompleted construction contracts	(2,757)	(2,332)
Increase (decrease) in notes and accounts payable–trade	(938)	(260)
Increase (decrease) in accounts payable–other	(404)	118
Increase (decrease) in accrued expenses	2,532	2,795
Increase (decrease) in advances received on uncompleted construction contracts	1,677	(2,189)
Decrease (increase) in net defined benefit asset	(41)	(28)
Other	237	841
Subtotal	8,438	7,361
Interest and dividends income received	163	198
Interest expenses paid	(53)	(41)
Income taxes paid	(3,727)	(3,549)
Income taxes refund	37	—
Net cash provided by (used in) operating activities	4,859	3,968
Cash flows from investing activities		
Net decrease (increase) in time deposits	21	—
Expenditures for the acquisition of shares of subsidiaries	(1,059)	—
Expenditures for the acquisition of property, plant and equipment	(2,216)	(3,122)
Proceeds from sales of property, plant and equipment	6	43
Expenditures for the acquisition of intangible fixed assets	(29)	(364)
Payments of loans receivable	(0)	(2)
Collection of loans receivable	246	2
Other	(58)	(76)
Net cash provided by (used in) investing activities	(3,089)	(3,520)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(20)	(20)
Repayment of long-term loans payable	(4)	—
Redemption of bonds	(200)	(200)
Cash dividends paid	(1,786)	(2,033)
Net decrease (increase) in treasury stock	(2,004)	(2,002)
Dividends paid to non-controlling interests	(3)	(11)
Other	(19)	(30)
Net cash provided by (used in) financing activities	(4,039)	(4,296)

Effect of exchange rate change on cash and cash equivalents	(123)	(256)
Net increase (decrease) in cash and cash equivalents	(2,393)	(4,104)
Cash and cash equivalents at beginning of period	29,198	26,499
Increase in cash and cash equivalents due to new consolidation	—	1,573
Cash and cash equivalents at end of period	26,805	23,967

(4) Notes regarding quarterly consolidated financial statements

(Notes regarding going concern assumption)

Not applicable

(Change in scope of consolidation or scope of equity method)

(Changes in scope of consolidation)

SUZHOU NICHIAI SEAL MATERIAL CO., LTD. and SUZHOU SHUANGYOU AUTOPARTS CO., LTD. , which were non-consolidated subsidiaries, were included in the scope of consolidation from the first quarter of the consolidated fiscal year because their impact on consolidated financial statements became more important.

(Changes in matters related to fiscal year of consolidated subsidiaries)

In the case of SUZHOU NICHIAI INDUSTRIAL PRODUCTS CO., LTD., NICHIAI (SHANGHAI) TRADING CO., LTD. and NICHIAI (SHANGHAI) AUTOPARTS TRADING CO., LTD., whose fiscal year ended on December 31, financial statements for the same day were used, and important transactions that occurred between this date and the consolidated fiscal closing date were adjusted as necessary. However, in order to disclose more appropriate consolidated financial information, beginning with the first quarter of this fiscal year, the method will be changed to a provisional settlement of accounts for the three consolidated subsidiaries and these two companies newly added to the scope of consolidation beginning with the first quarter.

As a result of this change, the first quarter consolidated accounting period for the profit/loss of these consolidated subsidiaries is the six-month period from January 1 to June 30, 2018.

(Notes regarding significant changes in shareholders' equity [if any])

In accordance with Article 156 of the Companies Act replacing the phrases pursuant to the provisions of Article 165-3 of the Companies Act, a resolution was made at the meeting of the Board of Directors held on May 7, 2018 to acquire 1,363,000 treasury shares.

As a result of this acquisition of treasury stock, treasury stock increased by ¥2,002 million during the first quarter of the year ending March 31, 2019, and the amount of treasury stock at the end of the first quarter of the year ending March 31, 2019 was ¥4,041 million.

(Segment information)

Segment information

I. First quarter of the fiscal year 2017 (April 1, 2017 to June 30, 2017)

1. Information on net sales and profit (loss) by reporting segment

(Millions of yen)

	Reporting segments						Adjustments	Quarterly consolidated profit/loss posted
	Energy and Industrial Plants	Industrial Products	Advanced Products	Autoparts	Building Materials	Total		
Net sales								
Net sales to external customers	11,782	10,183	5,619	10,960	5,879	44,424	—	44,424
Intersegment sales or transfers	—	2,121	—	—	—	2,121	(2,121)	—
Total	11,782	12,304	5,619	10,960	5,879	46,546	(2,121)	44,424
Segment profit or (loss)	822	1,529	1,044	1,219	46	4,661	—	4,661

2. Information related to impairment loss of noncurrent assets and goodwill by reporting segment: Not applicable

II. First quarter of the fiscal year 2018 (April 1, 2018 to June 30, 2018)

1. Information on net sales and profit (loss) by reporting segment

(Millions of yen)

	Reporting segments						Adjustments	Quarterly consolidated profit/loss posted
	Energy and Industrial Plants	Industrial Products	Advanced Products	Autoparts	Building Materials	Total		
Net sales								
Net sales to external customers	15,331	12,046	6,977	11,536	6,810	52,701	—	52,701
Intersegment sales or transfers	—	2,707	—	—	—	2,707	(2,707)	—
Total	15,331	14,753	6,977	11,536	6,810	55,408	(2,707)	52,701
Segment profit or (loss)	1,681	2,239	1,349	1,037	158	6,466	—	6,466

2. Information related to impairment loss of noncurrent assets and goodwill by reporting segment: Not applicable

(Additional information)

Application of "Partial Amendments to 'Accounting Standard for Tax Effect Accounting'"

The Company has applied the "Partial Amendments to 'Accounting Standard for Tax Effect Accounting'" (ASBJ Guidance No. 28, revision on February 16, 2018, Accounting Standards Board of Japan) beginning in the first quarter of the fiscal year. Deferred tax assets will be classified under "Investments and other assets" and deferred tax liabilities will be classified under current liabilities.

(Important subsequent events)

(Issuance of uncollateralized corporate bonds)

The Company issued uncollateralized corporate bonds based on a decision by the Board of Directors held on May 21, 2018. The overview is below.

- | | |
|-----------------------|---------------------------------|
| (1) Total issuance | 5,000 million yen |
| (2) Issuance date | July 20, 2018 |
| (3) Paid-in amount | ¥100 per ¥100 face value |
| (4) Yield | 0.18% |
| (5) Maturity date | July 20, 2023 |
| (6) Redemption method | Lump-sum repayments at maturity |
| (7) Use of proceeds | Funding for capital investments |

3. Supplementary Materials

Financial results supplementary materials

August 6, 2018

(Percentage figures represent changes from previous fiscal year)

(1) Key consolidated financial figures (Trends)

(Millions of yen)

	First half			Full Year					
	FY 2017	FY 2018		FY 2014	FY 2015	FY 2016	FY2017	FY 2018	
	Results	Forecast	Change	Results	Results	Results	Results	Forecast	Change
Net sales	92,103	105,000	14.0%	158,939	170,430	180,363	197,495	210,00	6.3%
Operating income	9,572	11,500	20.1%	11,490	15,104	19,600	21,357	22,000	3.0%
Operating margin (%)	10.4%	11.0%		7.2%	8.9%	10.9%	10.8%	10.5%	
Ordinary income	9,880	11,800	19.4%	12,913	15,480	19,756	21,804	22,500	3.2%
Ordinary income margin (%)	10.7%	11.2%		8.1%	9.1%	11.0%	11.0%	10.7%	
Profit attributable to owners of parent	6,752	8,100	20.0%	7,532	6,669	13,409	14,956	15,300	2.3%
Net income margin (%)	7.3%	7.7%		4.7%	3.9%	7.4%	7.6%	7.3%	
Basic earnings per share (yen)	50.18	60.84	21.2%	62.84	51.88	100.41	111.36	230.24	—
Total assets	181,312	—	—	156,234	154,922	175,999	196,459	—	—
Net assets	102,194	—	—	78,893	85,665	97,890	109,705	—	—
Shareholders' equity	101,681	—	—	78,132	84,879	97,367	109,195	—	—
Equity ratio (%)	56.1%	—	—	50.0%	54.8%	55.3%	55.6%	—	—
Interest-bearing debt	23,762	—	—	33,830	25,840	23,976	23,818	—	—
Interest-bearing debt ratio (%)	13.1%	—	—	21.7%	16.7%	13.6%	12.1%	—	—
Capital expenditures	6,357	—	—	2,788	4,287	9,775	12,772	14,000	9.6%
Depreciation & amortization	2,199	—	—	4,659	4,598	3,969	4,800	5,500	14.6%
R&D expenses	2,950	—	—	5,602	5,460	5,446	5,692	6,000	5.4%

*The Company has applied the "Partial Amendments to 'Accounting Standard for Tax Effect Accounting'" (ASBJ Guidance No. 28, February 16, 2018) beginning in the first quarter of the fiscal year. These accounting standards have been retroactively applied to the figures for major management indicators for the first half of the previous fiscal year and the previous fiscal year.

(2) Quarterly consolidated operating results (Trends)

(Millions of yen)

	FY 2017				FY 2018	
	1Q	2Q	3Q	4Q	1Q	Change
Net sales	44,424	47,679	48,767	56,624	52,701	18.6%
Operating income	4,661	4,910	5,500	6,285	6,466	38.7%
Operating margin (%)	10.5%	10.3%	11.3%	11.1%	12.3%	
Ordinary income	4,831	5,048	5,818	6,106	6,706	38.8%
Ordinary income margin (%)	10.9%	10.6%	11.9%	10.8%	12.7%	
Profit attributable to owners of parent	3,400	3,351	3,915	4,289	4,647	36.7%
Net income margin (%)	7.7%	7.0%	8.0%	7.6%	8.8%	

All forecasts and plan that are not historical facts in this document are future business result related forecast. These are showed by based on information and data currently available to the company.
Various uncertain factors could cause actual results to differ.