

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2019 (April 1, 2018 to December 31, 2018) <Japanese GAAP>

February 12, 2019

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 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 third quarter of the Fiscal Year 2018

(April 1, 2018 to December 31, 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 Q3	160,494	13.9	17,376	15.3	17,898	14.0	12,312	15.4
FY 2017 Q3	140,870	8.3	15,072	5.5	15,698	9.6	10,667	9.8

Note: Comprehensive income FY 2018 Q3 ¥10,476 million---(23.6)%, FY 2017 Q3 ¥13,716 million---58.3%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY 2018 Q3	185.19	—
FY 2017 Q3	158.75	158.75

*The Company carried out a reverse stock split on a one-for-two basis on October 1, 2018. Basic earnings per share and diluted earnings per share are calculated based on the assumption that the reverse stock split was carried out at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2018	200,249	114,441	56.7
As of March 31, 2018	196,459	109,705	55.6

(Reference) Shareholders' equity: FY 2018 Q3 ¥113,486 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	—	16.00	—		
FY 2018 (Forecast)				36.00	—

Note: Adjustments from the most recently released dividend forecast: Available

*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 FY 2018 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 18 yen per share and annual dividends per share would be 34 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
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: None

*The basic earnings per share in the consolidated earnings forecasts for the full fiscal year 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 period (including treasury stock)

FY 2018 Q3	(As of December 31, 2018)	67,811,917 shares
FY 2017	(As of March 31, 2018)	67,811,917 shares
- 2) Number of shares of treasury stock at the end of the period

FY 2018 Q3	(As of December 31, 2018)	1,475,067 shares
FY 2017	(As of March 31, 2018)	789,608 shares
- 3) Average number of shares outstanding during the period

FY 2018 Q3	(April 1, 2018 to December 31, 2018)	66,487,454 shares
FY 2017 Q3	(April 1, 2017 to December 31, 2017)	67,196,543 shares

*The Company carried out a reverse stock split on a one-for-two basis on October 1, 2018. The number of shares issued at the end of the period, the number of shares of treasury stock at the end of the period, and the average number of shares outstanding during the period are calculated based on the assumption that the reverse stock split was carried out at the beginning of the previous fiscal year.

*The consolidated financial results for the third 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 changed on the same date (from 1,000 to 100 shares).

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

- Dividend forecast for FY 2018: Full-year dividends of 34 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 third 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 make a steady recovery, and emerging nations also sustained a modest economic recovery, but there were signs that China's recovery was coming to a standstill. Downside risks to the economy due to trade disputes and trends in financial markets are expected.

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 Building Materials Division, which experienced high demand for wrap-type fireproof material. As a result, net sales for the NICHIAS Group overall increased 13.9% year on year to ¥160,494 million.

In terms of profits, operating income increased 15.3% year on year to ¥17,376 million, ordinary income increased 14.0% year on year to ¥17,898 million, and profit attributable to owners of the parent company increased 15.4% year on year to ¥12,312 million.

As a result of the change in the financial year for some consolidated subsidiaries, the consolidated third quarter is a cumulative 12 months and both net sales and income rose.

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

Sales in the **Energy and Industrial Plants Division** increased 26.2% year on year to ¥48,018 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 8.6% year on year to ¥35,350 million. This was due to robust demand for fluoropolymer products and inorganic thermal insulation materials, and high demand for environmental products.

Sales in the **Advanced Products Division** increased 10.0% year on year to ¥19,449 million. This was due to high levels of demand for semiconductor production equipment.

Sales in the **Autoparts Division** increased 3.1% year on year to ¥33,884 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 20.6% year on year to ¥23,791 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 end of FY 2018 Q3 were ¥200,249 million, up ¥3,790 million compared to the end of the previous fiscal year. This was largely because, although investment securities decreased by ¥3,936 million and cash and deposits fell by ¥3,413 million, buildings and structures, net, increased by ¥3,787 million, machinery, equipment and vehicles, net, increased by ¥2,969 million, electronically recorded monetary claims increased ¥2,613 million, and merchandise and finished goods were up ¥1,359 million.

Liabilities at the end of FY 2018 Q3 were ¥85,808 million, down ¥945 million compared to the end of the previous fiscal year. This was largely a result of ¥3,030 million decrease in notes and accounts payable-trade and a ¥2,060 million decrease in short-term loans payable and long-term loans payable, offsetting the ¥4,200 million increase in bonds payable (including the current portion of bonds).

Net assets at the end of FY 2018 Q3 were ¥114,441 million, up ¥4,735 million compared to the end of the previous fiscal year. This was largely a result of increases in retained earnings of ¥8,211 million, outweighing ¥2,009 million yen for the acquisition of Treasury stock and a ¥1,755 million decrease in valuation differences on available-for-sale securities.

2) Cash flows

Cash and cash equivalents at the FY 2018 Q3 (hereinafter, "cash") decreased by ¥3,469 million to ¥23,029 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 ¥7,303 million (compared to receipts of ¥9,477 million in the same period of the previous fiscal year).

This was because, although cash decreased due to ¥6,705 million in income taxes paid and a ¥2,608 million increase in notes and accounts receivable-trade, cash increased due to ¥17,604 million in income before income taxes and ¥4,149 million in depreciation and amortization.

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

Net cash used in investing activities was ¥8,173 million (compared to expenditures of ¥10,940 million in the same period of the previous fiscal year).

This was due to a reduction in cash resulting from ¥7,910 million in expenditures for the acquisition of property, plant and equipment and ¥447 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 ¥4,060 million (compared to expenditures of ¥6,168 million in the same period of the previous fiscal year).

This was because cash decreased due to ¥4,156 million in cash dividends paid and ¥3,060 million for the repayment of short-term loans, offsetting the increase in cash from ¥4,997 million in proceeds from the issuance of cash bonds.

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

Earnings in the third quarter of the consolidated fiscal year have been generally in line with forecasts, and as a result, we have not revised our earnings forecasts for the full year for the fiscal year ending March 31, 2019, released on August 6, 2018.

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 (As of March 31, 2018)	FY 2018 Q3 (As of December 31, 2018)
Assets		
Current assets		
Cash and deposits	27,252	23,838
Notes and accounts receivable-trade	30,297	31,660
Electronically recorded monetary claims	10,031	12,645
Accounts receivable from completed construction contracts	15,504	14,221
Merchandise and finished goods	10,806	12,165
Work in process	2,253	2,588
Raw materials and supplies	7,609	8,802
Costs on uncompleted construction contracts	10,789	11,704
Other	3,990	3,342
Allowance for doubtful accounts	(15)	(14)
Total current assets	118,519	120,955
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	48,266	52,807
Accumulated depreciation and impairment loss	(30,164)	(30,918)
Buildings and structures, net	18,101	21,889
Machinery, equipment and vehicles	67,877	71,958
Accumulated depreciation and impairment loss	(57,527)	(58,638)
Machinery, equipment and vehicles, net	10,349	13,319
Land	14,043	14,612
Lease assets	421	496
Accumulated depreciation	(159)	(235)
Lease assets, net	261	261
Construction in progress	7,439	5,359
Other	8,326	8,739
Accumulated depreciation and impairment loss	(7,455)	(7,760)
Other, net	870	979
Total property, plant and equipment	51,067	56,421
Intangible assets		
Software	905	781
Other	352	551
Total intangible assets	1,257	1,333
Investments and other assets		
Investment securities	18,837	14,900
Net defined benefit asset	1,226	1,305
Deferred tax assets	1,649	1,364
Other	3,978	4,043
Allowance for doubtful accounts	(76)	(73)
Total investments and other assets	25,615	21,539
Total noncurrent assets	77,940	79,294
Total assets	196,459	200,249

	(Millions of yen)	
	FY 2017	FY 2018 Q3
	(As of March 31, 2018)	(As of December 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	24,844	21,813
Electronically recorded monetary obligations	9,674	12,472
Current portion of bonds	3,800	8,400
Short-term loans payable	11,160	7,800
Accounts payable-other	4,881	5,956
Income taxes payable	3,566	1,925
Advances received on uncompleted construction contracts	6,684	5,069
Provision for bonuses	2,995	1,966
Other	3,356	3,881
Total current liabilities	70,963	69,284
Noncurrent liabilities		
Bonds payable	6,200	5,800
Long-term loans payable	1,500	2,800
Deferred tax liabilities	1,565	1,177
Net defined benefit liability	4,277	4,330
Reserves for litigation losses	92	257
Other	2,155	2,158
Total noncurrent liabilities	15,790	16,523
Total liabilities	86,753	85,808
Net assets		
Shareholders' equity		
Capital stock	12,128	12,128
Capital surplus	13,857	13,857
Retained earnings	79,680	87,892
Treasury stock	(2,039)	(4,049)
Total shareholders' equity	103,626	109,828
Total other cumulative comprehensive income		
Valuation difference on available-for-sale securities	7,759	6,004
Foreign currency translation adjustment	158	(366)
Remeasurements of defined benefit plans	(2,349)	(1,980)
Total other cumulative comprehensive income	5,568	3,657
Non-controlling interests	510	955
Total net assets	109,705	114,441
Total liabilities and net assets	196,459	200,249

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

Quarterly consolidated statements of income

Third quarter of consolidated fiscal year

	(Millions of yen)	
	FY 2017 Q3 (From April 1, 2017 to December 31, 2017)	FY 2018 Q3 (From April 1, 2018 to December 31, 2018)
Net sales		
Net sales of merchandise and finished goods	105,609	113,611
Net sales of completed construction contracts	35,260	46,882
Total net sales	140,870	160,494
Cost of sales		
Cost of merchandise and finished goods sold	75,881	82,621
Cost of sales of completed construction contracts	30,034	39,652
Total cost of sales	105,916	122,273
Gross profit	34,954	38,221
Selling, general and administrative expenses		
Selling expenses	6,140	6,418
General and administrative expenses	13,742	14,426
Total selling, general and administrative expenses	19,882	20,844
Operating income	15,072	17,376
Non-operating income		
Interest income	44	66
Dividends income	321	342
Foreign exchange gains	60	—
Rent income	247	390
Equity in earnings of affiliates	51	43
Other	207	395
Total non-operating income	932	1,239
Non-operating expenses		
Interest expenses	118	106
Foreign exchange losses	—	297
Other	187	313
Total non-operating expenses	305	717
Ordinary income	15,698	17,898
Extraordinary income		
Gain on sales of noncurrent assets	52	14
Total extraordinary income	52	14
Extraordinary loss		
Loss on idle facilities	173	—
Provision for litigation loss reserves	92	167
Loss on sales and retirement of noncurrent assets	162	141
Total extraordinary losses	428	308
Income before income taxes	15,322	17,604
Income taxes-current	4,264	4,821
Income taxes-deferred	372	390
Total income taxes	4,636	5,211
Net income	10,686	12,393
Net income attributable to non-controlling interests	18	80
Net income attributable to owners of the parent company	10,667	12,312

Quarterly consolidated statement of comprehensive income

Third quarter of consolidated fiscal year

	(Millions of yen)	
	FY 2017 Q3 (From April 1, 2017 to December 31, 2017)	FY 2018 Q3 (From April 1, 2018 to December 31, 2018)
Net income	10,686	12,393
Other comprehensive income		
Valuation difference on available-for-sale securities	2,559	(1,755)
Foreign currency translation adjustment	208	(532)
Remeasurements of defined benefit plans	261	371
Total other comprehensive income	3,030	(1,916)
Comprehensive income	13,716	10,476
Breakdown		
Comprehensive income attributable to owners of the parent company	13,703	10,401
Comprehensive income attributable to non-controlling interests	13	75

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	FY 2017 Q3 (From April 1, 2017 to December 31, 2017)	FY 2018 Q3 (From April 1, 2018 to December 31, 2018)
Cash flows from operating activities		
Income before income taxes	15,322	17,604
Depreciation and amortization	3,437	4,149
Increase (decrease) in net defined benefit liability	175	52
Increase (decrease) in provision for bonuses	(653)	(1,036)
Interest and dividends income received	(365)	(409)
Interest expenses	118	106
Foreign exchange losses (gains)	236	257
Decrease (increase) in notes and accounts receivable-trade	(137)	(2,608)
Decrease (increase) in inventories	(1,302)	(2,587)
Decrease (increase) in costs on uncompleted construction contracts	(7,212)	(917)
Increase (decrease) in notes and accounts payable-trade	1,127	(1,235)
Increase (decrease) in accounts payable-other	(410)	297
Increase (decrease) in accrued expenses	(419)	(3)
Increase (decrease) in advances received on uncompleted construction contracts	5,677	(1,613)
Decrease (increase) in net defined benefit asset	(122)	(78)
Other	395	1,702
Subtotal	15,866	13,679
Interest and dividends income received	365	409
Interest expenses paid	(129)	(114)
Income taxes paid	(6,662)	(6,705)
Income taxes refund	37	35
Net cash provided by (used in) operating activities	9,477	7,303
Cash flows from investing activities		
Net decrease (increase) in time deposits	(71)	(58)
Expenditures for the acquisition of shares of subsidiaries	(1,693)	—
Expenditures for the acquisition of property, plant and equipment	(9,069)	(7,910)
Proceeds from sales of property, plant and equipment	109	28
Expenditures for the acquisition of intangible fixed assets	(131)	(447)
Payments of loans receivable	(196)	(7)
Collection of loans receivable	674	8
Other	(560)	212
Net cash provided by (used in) investing activities	(10,940)	(8,173)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(20)	(3,060)
Proceeds from long-term borrowings	—	1,300
Repayment of long-term loans payable	(14)	(300)
Proceeds from issuance of bonds	—	4,997
Redemption of bonds	(400)	(800)
Proceeds from stock issuance to non-controlling shareholders	—	72
Cash dividends paid	(3,669)	(4,156)

(Millions of yen)

	FY 2017 Q3 (From April 1, 2017 to December 31, 2017)	FY 2018 Q3 (From April 1, 2018 to December 31, 2018)
Net decrease (increase) in treasury stock	(2,018)	(2,009)
Dividends paid to non-controlling interests	(4)	(11)
Other	(41)	(93)
Net cash provided by (used in) financing activities	(6,168)	(4,060)
Effect of exchange rate change on cash and cash equivalents	(209)	(112)
Net increase (decrease) in cash and cash equivalents	(7,840)	(5,043)
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	21,358	23,029

(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 years 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 third quarter consolidated accounting period for the profit/loss of these consolidated subsidiaries is the twelve-month period from January 1 to December 31, 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 ¥2,009 million during the third quarter of the fiscal year ending March 31, 2019, and the amount of treasury stock at the end of the third quarter of the year ending March 31, 2019 was ¥4,049 million.

(Segment information)

Segment information

I. Third quarter of the fiscal year 2017 (April 1, 2017 to December 31, 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	38,053	32,554	17,678	32,855	19,729	140,870	—	140,870
Intersegment sales or transfers	—	5,722	—	—	—	5,722	(5,722)	—
Total	38,053	38,276	17,678	32,855	19,729	146,592	(5,722)	140,870
Segment profit (loss)	2,525	4,939	3,409	3,548	649	15,072	—	15,072

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

II. Third quarter of the fiscal year 2018 (April 1, 2018 to December 31, 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	48,018	35,350	19,449	33,884	23,791	160,494	—	160,494
Intersegment sales or transfers	—	6,788	—	—	—	6,788	(6,788)	—
Total	48,018	42,138	19,449	33,884	23,791	167,283	(6,788)	160,494
Segment profit (loss)	4,444	5,876	3,459	2,955	639	17,376	—	17,376

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 are classified under “Investments and other assets” and deferred tax liabilities are classified under noncurrent liabilities.

3. Supplementary Materials

Financial results supplementary materials

(Percentage figures represent changes from previous fiscal year)

(1) Key consolidated financial figures (Trends)

(Millions of yen)

	Q1-Q3 Cumulative			Full Year					
	FY 2017 Result	FY 2018		FY 2014 Result	FY 2015 Result	FY 2016 Result	FY2017 Result	FY 2018	
		Result	Change					Forecast	Change
Net sales	140,870	160,494	13.9%	158,939	170,430	180,363	197,495	210,000	6.3%
Operating income	15,072	17,376	15.3%	11,490	15,104	19,600	21,357	22,000	3.0%
Operating margin (%)	10.7%	10.8%		7.2%	8.9%	10.9%	10.8%	10.5%	
Ordinary income	15,698	17,898	14.0%	12,913	15,480	19,756	21,804	22,500	3.2%
Ordinary income margin (%)	11.1%	11.2%		8.1%	9.1%	11.0%	11.0%	10.7%	
Profit attributable to owners of parent	10,667	12,312	15.4%	7,532	6,669	13,409	14,956	15,300	2.3%
Net income margin (%)	7.6%	7.7%		4.7%	3.9%	7.4%	7.6%	7.3%	
Basic earnings per share (yen)	158.75	185.19	16.7%	62.84	51.88	100.41	222.73	230.24	-
Total assets	188,873	200,249	6.0%	156,234	154,922	175,999	196,459	-	-
Net assets	105,827	114,441	8.1%	78,893	85,665	97,890	109,705	-	-
Shareholders' equity	105,302	113,486	7.8%	78,132	84,879	97,367	109,195	-	-
Equity ratio (%)	55.8%	56.7%		50.0%	54.8%	55.3%	55.6%	-	-
Interest-bearing debt	23,722	26,018	9.7%	33,830	25,840	23,976	23,818	-	-
Interest-bearing debt ratio (%)	12.6%	13.0%		21.7%	16.7%	13.6%	12.1%	-	-
Capital expenditures	9,857	9,740	-1.2%	2,788	4,287	9,775	12,772	14,000	9.6%
Depreciation & amortization	3,437	4,149	20.7%	4,659	4,598	3,969	4,800	5,500	14.6%
R&D expenses	4,400	4,423	0.5%	5,602	5,460	5,446	5,692	6,000	5.4%

¹The 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 third quarter of the previous fiscal year and the previous fiscal year.

²The company carried out a reverse stock split on a one-for-two basis on October 1, 2018. Basic earnings per share are calculated based on the assumption that the reverse stock split was carried out at the beginning of the previous fiscal year.

(2) Quarterly consolidated operating results (Trends)

(Millions of yen)

	FY 2017				FY 2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Change
Net sales	44,424	47,679	48,767	56,624	52,701	53,865	53,927	10.6%
Operating income	4,661	4,910	5,500	6,285	6,466	5,216	5,693	3.5%
Operating margin (%)	10.5%	10.3%	11.3%	11.1%	12.3%	9.7%	10.6%	
Ordinary income	4,831	5,048	5,818	6,106	6,706	5,501	5,689	-2.2%
Ordinary income margin (%)	10.9%	10.6%	11.9%	10.8%	12.7%	10.2%	10.6%	
Profit attributable to owners of parent	3,400	3,351	3,915	4,289	4,647	3,638	4,026	2.9%
Net income margin (%)	7.7%	7.0%	8.0%	7.6%	8.8%	6.8%	7.5%	

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