



Company name: Nittobo (Registered as Nitto Boseki Co., Ltd.)  
 Representative: Yuichi Tsuji, Director, Representative and Chief Executive Officer  
 (Securities Code: 3110, Tokyo 1<sup>st</sup> Stock Exchange listing)  
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### Announcement of Making BAOTEK INDUSTRIAL MATERIALS Ltd. a Consolidated Subsidiary

Nitto Boseki Co., Ltd. (the “Company”) conducted a public tender offer for the shares of BAOTEK Industrial Materials Ltd. (“Baotek”) and purchased shares issued by Baotek through private placement from April 30, 2018 with the goal of making Baotek a consolidated subsidiary, as described in the press release dated April 26, 2018, entitled “Notice of Public Tender Offer for Shares in BAOTEK INDUSTRIAL MATERIALS Ltd. (to acquire a controlling stake).” As a result of the public tender offer and purchase of shares issued by private placement, the Company owns 47.65% of the equity of Baotek, as described in the press release dated August 3, 2018, entitled “Announcement of Results of Public Tender Offer for Shares in BAOTEK INDUSTRIAL MATERIALS Ltd.,” making Baotek an equity-method affiliate.

Today, the candidates for director to be appointed at Baotek’s Annual General Meeting of Shareholders (scheduled for June 21, 2019) were decided. If all of the seven candidates recommended by the Company are appointed, they will form a majority in the 12-member of Board of Directors, which is expected to make Baotek a consolidated subsidiary of the Company under the standard for effective control.

#### 1. Reason for making the company a consolidated subsidiary

In accordance with its medium-term business plan called “Go for Next 100” which will be completed in the financial year ending March 2021, the Nittobo Group has been striving to shore up the glass fiber business. Demand for glass cloth for electronic materials is on the rise on the back of the growing trend toward high-speed and large-capacity communications, such as the 5th-generation mobile networks (5G), centered on Taiwan, i.e., a science park for electronic material manufacturers. With a view to boosting sales of the Company’s highly value-added glass cloth products, increasing its capacity of manufacturing glass cloth has been a challenge facing the Company.

Baotek is a Taiwanese company that has high-level technical expertise on manufacturing glass cloth for electronic material and industrial material. It has an extensive customer base, mainly in Taiwan and China and extending to Europe and the United States. Furthermore, the Company has Nittobo ASIA Glass Fiber Co., Ltd., a wholly-owned subsidiary that manufactures and distributes glass yarn, the base material for glass cloth, in Taiwan.

By adding Baotek to the Nittobo Group, the Company can entrust it with production of high-value-added products and build an integrated supply system in Taiwan for its products for customers in Asia, including Taiwan. The Company conducted a public tender offer for 35.22% of the Baotek’s total outstanding shares starting on April 30, 2018. As the number of shares subscribed to the offer totaled 32.77% of the total number of outstanding shares, exceeding the minimum number of shares for the offer by August 2, 2018, the final day of the tender offer period, the Company executed the public tender offer and also purchased all of a private placement of shares (14.88% of the total number of outstanding shares). As a result, the Company’s equity stake became 47.65%, making Baotek an equity-method affiliate of the Company.

Now, by making Baotek a consolidated subsidiary, the Company will strengthen links within the Group even further, expanding its business foundation and accelerating its strategy for increasing high added value.

#### 2. Summary of subsidiary (BAOTEK) acquired (as of April 19, 2019)

(1)	Company name	BAOTEK Industrial Materials Ltd.
(2)	Address	No.277, MING FONG RD., YANG MEI DIST., TAOYUAN CITY
(3)	Name and title of representative	Chairman: Alan Chaing
(4)	Type of business	Manufacture and distribution of glass cloth and others
(5)	Capital	1,949 million TWD (7,016 million JPY)

(6)	Date of establishment	August 12, 1992		
(7)	Main shareholders and stockholding ratio	Nitto Boseki Co., Ltd.		47.65%
(8)	Relationship between the Company and Baotek	Capital ties	The Company holds 47.65% of Baotek's total number of outstanding shares.	
		Personal ties	Five of Baotek's twelve directors are officers and employees of the Company.	
		Business ties	Baotek is a customer of the Company's glass yarn products	
(9)	Consolidated financial results and financial conditions of Baotek over the past three years			
	Fiscal year ended	December 2016	December 2017	December 2018
	Consolidated net assets	1,259 million TWD	1,394 million TWD	1,551 million TWD
	Consolidated total assets	1,944 million TWD	2,122 million TWD	1,956 million TWD
	Consolidated net assets per share	6.46 TWD	7.16 TWD	7.96 TWD
	Consolidated sales	1,185 million TWD	1,552 million TWD	1,625 million TWD
	Consolidated operating income	13 million TWD	143 million TWD	150 million TWD
	Current net income attributable to shareholders of the parent company	17 million TWD	122 million TWD	168 million TWD
	Consolidated current net income per share	0.09 TWD	0.63 TWD	0.86 TWD

### 3. Time schedule

- April 19, 2019 Decision on candidate directors to be appointed at Baotek's General Meeting of Shareholders to be held on June 21.
- June 21, 2019 Proposal of the directors' election scheduled to be resolved at Baotek's General Meeting of Shareholders  
With all of the seven candidates recommended by the Company appointed, they will form a majority in the 12-member of Board of Directors, which is expected to give the Company effective control.

### 4. Future prospects

The impact of the consolidation of the subsidiary on the Company's consolidated financial results for the fiscal year ending March 31, 2020 is still being assessed. The Company will promptly report the result of the resolution on the appointment of the directors at Baotek's General Meeting of Shareholders to be held on June 21, 2019, along with any other matters requiring disclosure that may arise.