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**Consolidated Financial Results**  
**for the First Nine Months of the Fiscal Year Ending March 31, 2019**  
**<Japanese GAAP>**

February 6, 2019

Company Name: **Nittobo (Nitto Boseki Co., Ltd.)**  
 Securities Code: 3110  
 Stock Exchange Listing: Tokyo Stock Exchange  
 URL: <https://www.nitto.co.jp/english/>  
 Representative: Yuichi Tsuji, Director, Representative and Chief Executive Officer  
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 Scheduled date of filing quarterly securities report: February 13, 2019  
 Scheduled date of commencement of dividend payment: –  
 Preparation of supplementary explanatory material for quarterly financial results: Yes  
 Organization of quarterly financial results briefing: No

(Millions of yen, rounded down)

**1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2019 (April 1, 2018 to December 31, 2018)**

(1) Consolidated results of operations (cumulative)

(Percentage figures represent 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	%
Nine months ended								
December 31, 2018	63,181	(2.2)	6,865	(24.5)	7,459	(22.1)	5,567	(37.9)
December 31, 2017	64,593	3.7	9,088	8.7	9,573	11.2	8,966	50.4

(Note) Comprehensive income: Nine months ended December 31, 2018 ¥2,543 million [(77.4)%]  
 Nine months ended December 31, 2017 ¥11,243 million [171.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2018	143.49	–
December 31, 2017	230.78	–

(Note) Nitto Boseki Co., Ltd. (hereinafter, the “Company”) conducted a consolidation of common shares on a 5 for 1 basis as of October 1, 2017. Basic earnings per share has been calculated as if the aforementioned share consolidation had been carried out at the beginning of the fiscal year ended March 31, 2018.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
December 31, 2018	145,521	88,427	60.1
March 31, 2018	147,160	87,548	58.9

(Reference) Equity: As of December 31, 2018 ¥87,493 million; As of March 31, 2018 ¥86,628 million

(Note) The Nitto Group (hereinafter, the “Group”) has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending March 31, 2019. Accordingly, the figures presented for the consolidated financial position for the fiscal year ended March 31, 2018 were prepared using retrospective application of the aforementioned accounting standards, etc.

## 2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	–	3.50	–	22.50	–
Fiscal year ending March 31, 2019	–	20.00	–		
Fiscal year ending March 31, 2019 (Forecast)				20.00	40.00

(Notes) 1. Revision of the forecasted dividends from most recently announced figures: None

2. The Company conducted a consolidation of common shares on a 5 for 1 basis as of October 1, 2017. The impact of this share consolidation is taken into consideration in the amount presented for the fiscal year-end dividend per share for the fiscal year ended March 31, 2018, and the amount for the annual total dividends per share for the same fiscal year is shown as a dash.

Assuming the aforementioned share consolidation came into effect at the beginning of the fiscal year ended March 31, 2018, the annual total dividend per share for the same fiscal year would have been ¥40.00 per share, comprising the interim dividend of ¥17.50 per share and the fiscal year-end dividend of ¥22.50 per share.

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	83,000	(1.8)	8,500	(21.6)	9,000	(18.7)	7,600	(25.9)	195.86

(Note) Revision of the forecasted earnings from most recently announced figures: Yes

### \* Notes

- (1) Changes in significant subsidiaries during the period: None

(Changes in specific subsidiaries accompanied by changes in the scope of consolidation)

Newly included: None; Excluded: None

- (2) Application of accounting treatment special to the preparation of quarterly consolidated financial statements: None

- (3) Changes in accounting policies, accounting estimates and retrospective restatements

(a) Changes in accounting policies due to revision of accounting standards: None

(b) Changes in accounting policies other than (a): Yes

(c) Changes in accounting estimates: Yes

(d) Retrospective restatements: None

(Note) For more details, please refer to the section of “(3) Notes to Quarterly Consolidated Financial Statements, Changes in accounting policies that are difficult to distinguish from changes in accounting estimates” of “2. Quarterly Consolidated Financial Statements and Significant Notes Thereto” on page 8.

- (4) Number of issued shares (common shares)

- (a) Number of issued shares at the end of the period (including treasury shares)

As of December 31, 2018	39,935,512 shares	As of March 31, 2018	39,935,512 shares
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- (b) Number of treasury shares at the end of the period

As of December 31, 2018	1,132,633 shares	As of March 31, 2018	1,130,699 shares
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- (c) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2018	38,803,847 shares	Nine months ended December 31, 2017	38,853,282 shares
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(Note) The Company conducted a consolidation of common shares on a 5 for 1 basis as of October 1, 2017. The average number of shares outstanding during the period has been calculated as if the share consolidation had been carried out at the beginning of the fiscal year ended March 31, 2018.

**\*Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.**

### \*Explanation on the appropriate use of earnings forecasts and other special notes

*Cautions on forward-looking statements, etc.*

The projections contained in this document are based on information currently available to the Company and certain assumptions considered, and the Company does not intend to guarantee their achievement. Moreover, actual business and other results may differ from the forecast due to various factors going forward.

## 1. Qualitative Information on Quarterly Financial Results

### Explanation on consolidated earnings forecasts and other future forecasts

Uncertainty is rising in the global economy due to such factors as impacts of the trade friction between the U.S. and China and the slowing Chinese economy, and among the Company's glass fiber products, there have been longer than expected inventory adjustments in the supply chain for certain high-value-added products for electronic components, while in the area of composite material applications, the Company has been feeling the effect of flat demand and price competition. Against this backdrop, after reviewing the operating results of the first nine months of the fiscal year ending March 31, 2019 and the future outlook, the Company has downwardly revised net sales forecast and revised its profit forecasts as stated below.

Revisions to the consolidated earnings forecasts for the fiscal year ending March 31, 2019  
(from April 1, 2018 to March 31, 2019)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	86,000	10,000	10,500	8,300	213.90
Revised forecasts (B)	83,000	8,500	9,000	7,600	195.86
Amount changed (B) – (A)	(3,000)	(1,500)	(1,500)	(700)	–
Change (%)	(3.5)	(15.0)	(14.3)	(8.4)	–
Results for the fiscal year ended March 31, 2018	84,526	10,837	11,071	10,253	263.97

(Note) The Company conducted a consolidation of common shares on a 5 for 1 basis as of October 1, 2017. Accordingly, basic earnings per share has been calculated as if the aforementioned share consolidation had been carried out at the beginning of the fiscal year ended March 31, 2018.

## 2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	18,673	12,721
Notes and accounts receivable - trade	25,891	27,013
Merchandise and finished goods	6,486	7,033
Work in process	3,130	3,655
Raw materials and supplies	15,502	16,493
Other	3,385	2,431
Allowance for doubtful accounts	(4)	(5)
Total current assets	73,065	69,341
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,332	12,357
Machinery, equipment and vehicles, net	10,097	13,211
Land	14,748	13,432
Leased assets, net	3,022	2,512
Construction in progress	1,836	3,986
Other, net	656	772
Total property, plant and equipment	42,693	46,272
Intangible assets	1,510	1,231
Investments and other assets		
Investment securities	25,698	23,993
Net defined benefit asset	285	285
Deferred tax assets	2,743	3,222
Other	1,200	1,210
Allowance for doubtful accounts	(36)	(36)
Total investments and other assets	29,890	28,676
Total non-current assets	74,095	76,179
<b>Total assets</b>	<b>147,160</b>	<b>145,521</b>

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,331	8,713
Short-term loans payable	4,887	6,232
Current portion of long-term loans payable	5,387	5,549
Lease obligations	569	461
Income taxes payable	2,389	369
Provision for bonuses	1,159	469
Other	9,002	6,959
Total current liabilities	32,726	28,755
Non-current liabilities		
Long-term loans payable	6,383	10,089
Lease obligations	2,999	2,539
Provision for repairs	5,981	4,752
Net defined benefit liability	10,371	9,732
Other	1,150	1,224
Total non-current liabilities	26,886	28,338
Total liabilities	59,612	57,093
<b>Net assets</b>		
Shareholders' equity		
Capital stock	19,699	19,699
Capital surplus	19,037	19,037
Retained earnings	45,105	49,024
Treasury shares	(2,538)	(2,542)
Total shareholders' equity	81,304	85,218
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,068	2,942
Foreign currency translation adjustment	1,197	1,075
Remeasurements of defined benefit plans	(1,941)	(1,743)
Total accumulated other comprehensive income	5,324	2,275
Non-controlling interests	919	934
Total net assets	87,548	88,427
<b>Total liabilities and net assets</b>	<b>147,160</b>	<b>145,521</b>

**(2) Quarterly Consolidated Statement of Income and Comprehensive Income****(Quarterly Consolidated Statement of Income)**

[For the nine months]

(Millions of yen)

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Net sales	64,593	63,181
Cost of sales	41,184	41,711
Gross profit	23,409	21,470
Selling, general and administrative expenses	14,320	14,604
Operating profit	9,088	6,865
Non-operating income		
Interest income	16	41
Dividend income	623	571
Share of profit of entities accounted for using equity method	–	45
Rent income	61	60
Foreign exchange gains	–	265
Other	158	185
Total non-operating income	859	1,170
Non-operating expenses		
Interest expenses	183	156
Foreign exchange losses	24	–
Expenses related to inactive real estate for rent	–	241
Other	166	177
Total non-operating expenses	374	576
Ordinary profit	9,573	7,459
Extraordinary income		
Gain on sales of non-current assets	4,033	365
Gain on sales of investment securities	529	883
Total extraordinary income	4,563	1,249
Extraordinary losses		
Loss on disposal of non-current assets	161	326
Impairment loss	728	872
Loss on disaster	278	311
Other	36	–
Total extraordinary losses	1,204	1,509
Profit before income taxes	12,933	7,199
Income taxes - current	3,467	733
Income taxes - deferred	471	871
Total income taxes	3,938	1,605
Profit	8,994	5,594
Profit attributable to non-controlling interests	27	26
Profit attributable to owners of parent	8,966	5,567

**(Quarterly Consolidated Statement of Comprehensive Income)**

[For the nine months]

(Millions of yen)

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Profit	8,994	5,594
Other comprehensive income		
Valuation difference on available-for-sale securities	1,943	(3,125)
Foreign currency translation adjustment	75	(158)
Remeasurements of defined benefit plans, net of tax	230	198
Share of other comprehensive income of entities accounted for using equity method	—	34
Total other comprehensive income	2,249	(3,051)
Comprehensive income	11,243	2,543
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,209	2,518
Comprehensive income attributable to non-controlling interests	34	24

**(3) Notes to Quarterly Consolidated Financial Statements****Notes on going concern assumptions**

Not applicable

**Notes on significant changes in the amount of shareholders' equity**

Not applicable

**Changes in accounting policies that are difficult to distinguish from changes in accounting estimates**

The Company and its consolidated subsidiaries in Japan had previously adopted the declining-balance method for the depreciation of property, plant and equipment, excluding leased assets (excluding, however, buildings [excluding facilities attached to buildings] acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016) but they have changed it to the straight-line method from the first quarter of the fiscal year ending March 31, 2019.

One of the key policy measures that the Company is implementing in the Nittobo Group Mid-Term Business Plan "Go for Next 100," which the Group started in the fiscal year ended March 31, 2018 to pursue sustainable growth for the next 100 years, is its high value added strategy. Following a review of production systems and the formulation of capital investment plans based on this aforementioned key policy measure, the Company examined such circumstances as the status of use of its property, plant and equipment. As a result, in light of the Company's expectations that going forward, the operation status of each facility would be more stable, the Company changed its method of depreciation for the Company and its consolidated subsidiaries in Japan to the straight-line method, which is a method of bearing the cost over the entire period of use uniformly, from the first quarter of the fiscal year ending March 31, 2019, during which the capital investment carried out pursuant with the aforementioned Mid-Term Business Plan was going to start full-fledged operation, as the Company judged that this method would more appropriately reflect the Group's economic reality.

As a result of this change, for the nine months ended December 31, 2018, operating profit increased by ¥742 million and ordinary profit and profit before income taxes each increased by ¥760 million, compared with their respective figures calculated using the former method.

**Segment information, etc.***Segment information***Nine months ended December 31, 2017 (April 1, 2017 to December 31, 2017)**

Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment						Others (Note) 1	Total	Adjustment (Note) 2	Amount reported in quarterly consolidated statement of income (Note) 3
	Textiles	Glass Fiber Yarn	Glass Fiber Cloth	Glass Fiber for Industrial Materials	Life Science	Total				
Net sales										
Net sales to external customers	3,816	22,333	10,434	16,288	10,060	62,934	1,659	64,593	–	64,593
Intersegment sales or transfers	3	4,493	26	170	263	4,956	1,251	6,208	(6,208)	–
Total	3,819	26,826	10,461	16,458	10,324	67,890	2,911	70,802	(6,208)	64,593
Segment profit (loss)	(313)	5,199	1,730	713	2,538	9,867	(107)	9,759	(670)	9,088

- (Notes) 1. “Others” consists of operating segments not included in the reportable segments, such as the property management, services, and the industrial machinery and equipment related operations.
2. The adjustment of negative ¥670 million to segment profit (loss) represents corporate expenses, etc. not allocated to each reportable segment.
3. “Segment profit (loss)” has been adjusted to the operating profit reported in the quarterly consolidated statement of income.

**Nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018)**

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

(Millions of yen)

	Reportable segment						Others (Note) 1	Total	Adjustment (Note) 2	Amount reported in quarterly consolidated statement of income (Note) 3
	Textiles	Glass Fiber Yarn	Glass Fiber Cloth	Glass Fiber for Industrial Materials	Life Science	Total				
Net sales										
Net sales to external customers	3,819	20,527	10,590	16,477	10,558	61,973	1,207	63,181	–	63,181
Intersegment sales or transfers	6	4,766	29	164	151	5,119	1,549	6,669	(6,669)	–
Total	3,826	25,294	10,620	16,642	10,709	67,093	2,757	69,850	(6,669)	63,181
Segment profit (loss)	(224)	3,154	1,609	556	2,221	7,317	148	7,465	(599)	6,865

- (Notes) 1. “Others” consists of operating segments not included in the reportable segments, such as the property management, services, and the industrial machinery and equipment related operations.
2. The adjustment of negative ¥599 million to segment profit (loss) represents corporate expenses, etc. not allocated to each reportable segment.
3. “Segment profit (loss)” has been adjusted to the operating profit reported in the quarterly consolidated statement of income.

2. Change in reportable segments

*Changes in depreciation method of property, plant and equipment*

As described in “Changes in accounting policies that are difficult to distinguish from changes in accounting estimates,” the Company and its consolidated subsidiaries in Japan had previously adopted the declining-balance method for the depreciation of property, plant and equipment, excluding leased assets (excluding, however, buildings [excluding facilities attached to buildings] acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016) but they have changed it to the straight-line method from the first quarter of the fiscal year ending March 31, 2019.

As a result of this change, compared with figures calculated by the former method, segment profit for the first nine months ended December 31, 2018 increased by ¥288 million in “Glass Fiber Yarn,” ¥202 million in “Glass Fiber Cloth,” ¥179 million in “Glass Fiber for Industrial Materials,” ¥31 million in “Life Science” and ¥1 million in “Others,” and segment loss decreased by ¥7 million in “Textiles.” In addition, the negative amount of “Adjustment” decreased by ¥32 million.

**Additional Information**

The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending March 31, 2019. Accordingly, deferred tax assets are presented under “Investments and other assets” and deferred tax liabilities, if any, are presented under “Non-current liabilities.”