

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2018
(Based on Japanese GAAP)**

November 6, 2018

Company name: NITTO KOHKI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6151 URL: <http://www.nitto-kohki.co.jp/e>
 Representative: Representative Director, President Akinobu Ogata
 Inquiries: Director Yutaka Nishida TEL 03-3755-1111
 Scheduled date to file Quarterly Securities Report: November 7, 2018
 Scheduled date to commence dividend payments: December 6, 2018
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2018	14,567	4.9	2,908	6.3	2,980	7.3	2,131	9.5
Six months ended September 30, 2017	13,885	6.0	2,736	12.7	2,778	13.7	1,947	15.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	100.32	–
Six months ended September 30, 2017	91.64	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2018	61,786	53,737	87.0	2,528.77
As of March 31, 2018	61,821	52,807	85.4	2,484.97

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	–	30.00	–	41.00	71.00
Year ending March 31, 2019	–	34.50			
Year ending March 31, 2019 (Forecast)			–	34.50	69.00

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
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 six months ended September 30, 2018
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2018	21,803,295 shares	As of March 31, 2018	21,803,295 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	555,613 shares	As of March 31, 2018	555,561 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2018	21,247,719 shares	Six months ended September 30, 2017	21,247,824 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	25,904	25,170
Notes and accounts receivable - trade	7,310	7,505
Securities	4,699	5,399
Merchandise and finished goods	3,227	3,080
Work in process	276	269
Raw materials and supplies	1,844	1,906
Other	341	315
Allowance for doubtful accounts	(3)	(3)
Total current assets	43,602	43,643
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,053	11,101
Accumulated depreciation	(5,318)	(5,469)
Buildings and structures, net	5,734	5,632
Machinery, equipment and vehicles	3,698	3,778
Accumulated depreciation	(2,569)	(2,643)
Machinery, equipment and vehicles, net	1,128	1,134
Tools, furniture and fixtures	6,791	6,811
Accumulated depreciation	(6,191)	(6,228)
Tools, furniture and fixtures, net	599	582
Land	3,684	3,680
Leased assets	1,716	1,778
Accumulated depreciation	(583)	(650)
Leased assets, net	1,133	1,127
Construction in progress	210	187
Total property, plant and equipment	12,492	12,345
Intangible assets		
Other	485	593
Total intangible assets	485	593
Investments and other assets		
Investment securities	3,540	3,625
Long-term loans receivable	60	54
Deferred tax assets	1,168	1,130
Other	488	410
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	5,241	5,204
Total non-current assets	18,218	18,143
Total assets	61,821	61,786

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	751	828
Lease obligations	205	201
Income taxes payable	1,651	882
Provision for bonuses	629	639
Provision for directors' bonuses	20	9
Other	1,550	1,393
Total current liabilities	4,807	3,954
Non-current liabilities		
Lease obligations	923	922
Net defined benefit liability	2,545	2,569
Provision for directors' retirement benefits	383	252
Asset retirement obligations	11	11
Other	341	338
Total non-current liabilities	4,205	4,094
Total liabilities	9,013	8,049
Net assets		
Shareholders' equity		
Capital stock	1,850	1,850
Capital surplus	1,924	1,924
Retained earnings	48,805	50,065
Treasury shares	(918)	(918)
Total shareholders' equity	51,661	52,921
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,138	1,188
Foreign currency translation adjustment	23	(353)
Remeasurements of defined benefit plans	(23)	(26)
Total accumulated other comprehensive income	1,139	809
Non-controlling interests	7	6
Total net assets	52,807	53,737
Total liabilities and net assets	61,821	61,786

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	13,885	14,567
Cost of sales	6,683	7,011
Gross profit	7,201	7,555
Selling, general and administrative expenses		
Salaries and allowances	1,171	1,176
Provision for bonuses	341	355
Retirement benefit expenses	83	75
Provision for directors' retirement benefits	18	18
Promotion expenses	425	477
Research and development expenses	386	452
Other	2,039	2,091
Total selling, general and administrative expenses	4,465	4,647
Operating profit	2,736	2,908
Non-operating income		
Interest income	14	19
Dividend income	30	35
Foreign exchange gains	10	34
House rent income	16	16
Other	24	36
Total non-operating income	96	141
Non-operating expenses		
Sales discounts	50	52
Other	3	16
Total non-operating expenses	53	68
Ordinary profit	2,778	2,980
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	2,819	2,980
Income taxes	871	848
Profit	1,947	2,131
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	1,947	2,131

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	1,947	2,131
Other comprehensive income		
Valuation difference on available-for-sale securities	222	50
Foreign currency translation adjustment	(26)	(377)
Remeasurements of defined benefit plans, net of tax	8	(2)
Total other comprehensive income	205	(330)
Comprehensive income	2,152	1,801
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,152	1,801
Comprehensive income attributable to non-controlling interests	0	(0)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	2,819	2,980
Depreciation	533	587
Increase (decrease) in net defined benefit liability	36	19
Interest and dividend income	(44)	(54)
Decrease (increase) in notes and accounts receivable - trade	(324)	(224)
Decrease (increase) in inventories	(275)	19
Increase (decrease) in notes and accounts payable - trade	431	79
Increase (decrease) in accrued consumption taxes	(169)	86
Other, net	59	(400)
Subtotal	3,065	3,094
Interest and dividend income received	48	65
Income taxes (paid) refund	(464)	(1,577)
Net cash provided by (used in) operating activities	2,649	1,581
Cash flows from investing activities		
Payments into time deposits	(15,481)	(12,840)
Proceeds from withdrawal of time deposits	15,762	14,267
Purchase of investment securities	(1,010)	(12)
Purchase of securities	(1,600)	(2,000)
Proceeds from redemption of securities	801	1,299
Purchase of property, plant and equipment	(488)	(486)
Proceeds from sales of property, plant and equipment	247	0
Purchase of intangible assets	(178)	(75)
Other, net	(22)	73
Net cash provided by (used in) investing activities	(1,970)	225
Cash flows from financing activities		
Cash dividends paid	(552)	(870)
Other, net	(99)	(103)
Net cash provided by (used in) financing activities	(652)	(973)
Effect of exchange rate change on cash and cash equivalents	(28)	(94)
Net increase (decrease) in cash and cash equivalents	(1)	739
Cash and cash equivalents at beginning of period	15,286	14,889
Cash and cash equivalents at end of period	15,285	15,629