

Report on 90th Fiscal Year

ニッタ株式会社

To Our Shareholders

(April 1, 2018 to March 31, 2019)

NITTA CORPORATION

We at Nitta Corporation would like to thank all our shareholders for their continued support of our business.

We are pleased to submit our report for the 90th fiscal year.

This is the second fiscal year of phase 3 of our medium- to long-term business plan “V2020”, and an important step in accomplishing our goals. We will respond to changes in the market and customer needs, increasing the value of the Nitta Group while providing quick and reliable service as we work toward the final goals of V2020.

We ask our shareholders for their continued support and guidance.

Representative Director/President **Motonobu Nitta**

June 2019



Medium- to Long-term Business Plan “V2020” Phase 3 Outline

Vision

Global No. 1 partner of soft material “composite technology”

Three main challenges of “V2020” phase 3

1 Creation and growth of new business / new products

- Promote NITTA INNOVATION activities
- Expand into new business areas and maximize synergy between groups

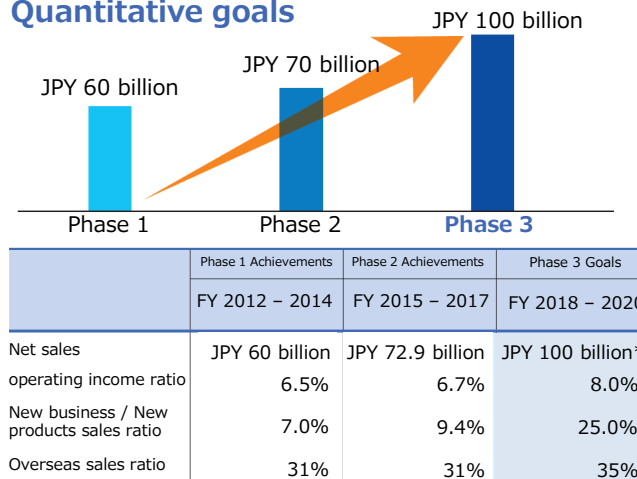
2 Promote global management

- Strengthen the NITTA brand
- Promote global human resource development
- Strengthen corporate governance, compliance, and risk management

3 Increase total cost competitiveness

- Innovations in production technology
- Evolution of on-site improvement activities
- Promote bold business reform and efficiency

Quantitative goals

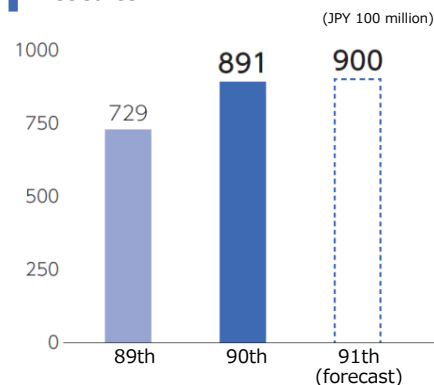


(*) FY 2020 sales of 100 billion yen include new business.

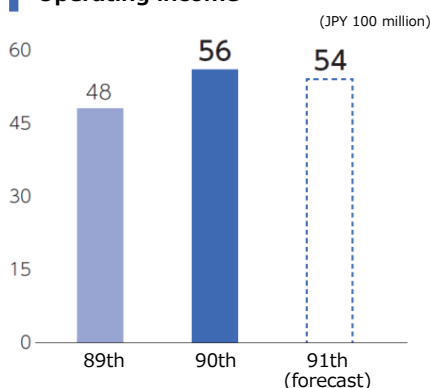
●Consolidated Financial Highlights

Net sales	89.1 billion	+22.2% year-on-year
Operating income	5.6 billion	+16.4% year-on-year
Ordinary income	11.4 billion	-0.3% year-on-year
Net income attributable to parent company shareholders	8.9 billion	-2.1% year-on-year

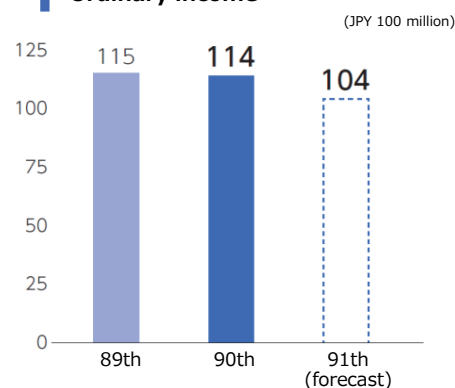
Net sales



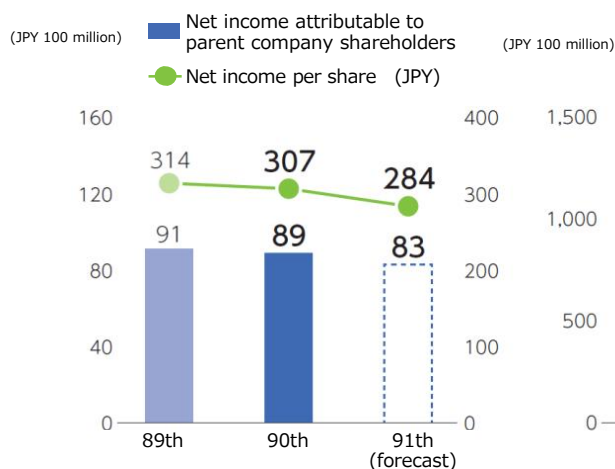
Operating income



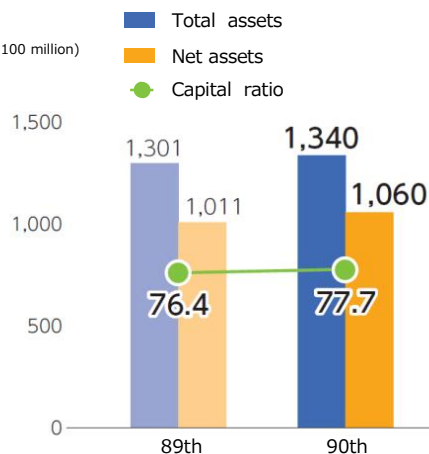
Ordinary income



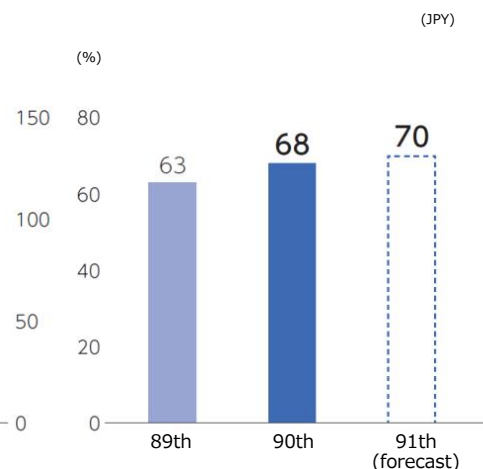
Net income attributable to parent company shareholders/Net income per share



Total assets/Net assets/Capital ratio



Dividends per share



This document contains forecasts based on assumptions, outlook, and plans and the Company does not guarantee their achievement. Actual results may differ substantially due to a number of factors.

Stock Information / Corporate Information (as of March 31, 2019)

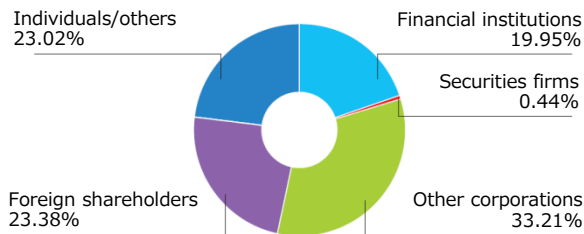
Basic Information on Stocks

Total number of shares authorized to be issued	100,000,000 shares
Total number of shares issued	30,272,503 shares
Number of shareholders	4,021

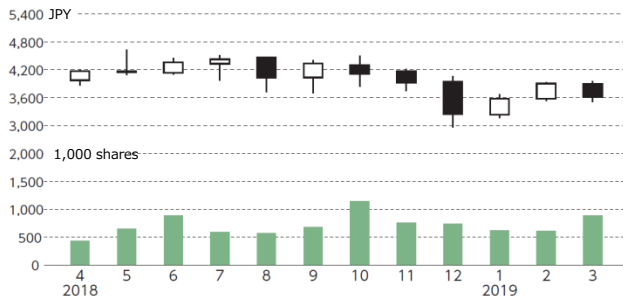
Major Shareholders

	No. of shares held (thousand)	Shareholding ratio (%)
NITTA RUBBER INDUSTRIAL CO., Ltd.	2,842	9.71
IBP Co., Ltd.	2,301	7.86
The Master Trust Bank of Japan, Ltd. (trust account)	1,528	5.22
Japan Trustee Services Bank, Ltd. (trust account)	1,449	4.95
Onga Holdings LLC	1,430	4.88
J. P. MORGAN BANK LUXEMBOURG S.A. 380578	995	3.40
Nitta Business Partners Shareholder Association	955	3.26
GOLDMAN SACHS & CO.REG	637	2.18
Nitta Kyoeikai	564	1.92
Tadashi Nitta	498	1.70

Distribution of Shareholdings



Stock Price



Corporate Data

Trade name:	NITTA CORPORATION
Founded:	March 1885
Established:	February 1945
Paid-in Capital:	JPY 8,060 million
Employees:	2,934 (Consolidated basis)

Executives (as of June 21, 2019)

Directors and Audit & Supervisory Board Members

Representative Director/President	Motonobu Nitta
Director	Keiji Yoshimura
Director	Yasunori Ishikiriyama
Director	Takeshi Kobayashi
Director	Takahiko Yoshida
Director	Haruki Shimada
Outside Director	Mitsuyuki Suga
Outside Director	Masataka Nakao
Audit & Supervisory Board Member	Kouji Fujita
Audit & Supervisory Board Member	Kiyotaka Inoue
Outside Audit & Supervisory Board Member	Miyoshi Morimoto
Outside Audit & Supervisory Board Member	Tsuneaki Teshima

Executive Officers

President / Executive Officer	Motonobu Nitta
Managing Executive Officer	Takeshi Kobayashi
Managing Executive Officer	Yasunori Ishikiriyama
Executive Officer	Keiji Yoshimura
Executive Officer	Haruki Shimada
Executive Officer	Shigeki Shinoda
Executive Officer	Takahiko Yoshida
Executive Officer	Hiroki Suzuki
Executive Officer	Toyohiro Hagiwara
Executive Officer	Kazushige Kinoshita
Executive Officer	Jyunichi Akai
Technical Supervisor	Keizo Okui

Memorandum to Shareholders

Fiscal year	From April 1 to March 31 of the following year	
Ordinary general shareholders meeting	June every year	
Record date	Ordinary general shareholders meeting	March 31 every year
	Year-end dividends	March 31 every year
	Interim dividends	September 30 every year
	Other dates with prior notification, as necessary	
Transfer agent	1-4-1, Marunouchi, Chiyoda-ku, Tokyo, 100-8233 Sumitomo Mitsui Trust Bank, Limited	
Transfer agent location	5-33, Kitahama 4-chome, Chuo-ku, Osaka 540-8639 Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited	
Mailing address	8-4 Izumi 2-chome, Suginami-ku, Tokyo, 168-0063 Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited	
Telephone:	☎ 0120-782-031	
URL:	https://www.smtb.jp/personal/agency/index.html	
Shares per unit	100 shares	
Public notice	The Company posts information about public notices on its website (https://www.nitta.co.jp/)	
Stock exchange listing	Tokyo Stock Exchange	

Notifications and inquiries regarding shares including a change of address

Shareholders who have accounts at securities firms are requested to direct inquiries to their respective securities firms since Sumitomo Mitsui Trust Bank is unable to perform such procedures. Shareholders who do not have accounts at securities firms are requested to contact the telephone number listed below.

Special Account

For shareholders who did not use “Hofuri” (Japan Securities Depository Center, Inc.) prior to the introduction of the electronic share certificate system, an account (called a Special Account) was opened at Sumitomo Mitsui Trust Bank, Limited, which is the administrator of the shareholder registry. For inquiries regarding the Special Account and notification of a change of address, please contact the telephone number listed above.



For inquiries, please contact the following:

4-4-26 Sakuragawa, Naniwa-ku, Osaka, 556-0022, Japan

Nitta Corporation Corporate Center General Affairs & CSR Promotion Group

Telephone: +81-6-6563-1211 <https://www.nitta.co.jp/>

Consolidated Financial Statements
(unaudited)

Nitta Corporation

Years ended March 31, 2019 and 2018

Nitta Corporation

Consolidated Financial Statements (unaudited)

Years ended March 31, 2019 and 2018

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The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at ¥110.99= U.S. \$1.00, the approximate rate of exchange in effect on March 31, 2019. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at such rate.

Consolidated Balance Sheets (unaudited)

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Assets			
Current assets:			
Cash and deposits	¥ 28,223	¥ 25,645	\$ 254,284
Short-term investments	2,000	2,000	18,020
Notes and accounts receivable:			
Affiliates	745	784	6,712
Trade	28,919	27,660	260,555
Allowance for doubtful accounts	(29)	(47)	(261)
	29,635	28,397	267,006
Inventories	9,428	9,094	84,945
Deferred income taxes	-	770	-
Other current assets	1,846	1,751	16,632
Total current assets	71,132	67,657	640,887
Property, plant and equipment, at cost:			
Land	2,997	3,016	27,002
Buildings and structures	35,362	35,119	318,605
Machinery, equipment and vehicles	25,223	24,327	227,255
Tools, furniture and fixtures	6,570	6,587	59,195
Construction in progress	623	723	5,613
Accumulated depreciation	(47,151)	(46,358)	(424,822)
Property, plant and equipment, net	23,624	23,414	212,848
Investments and other assets:			
Investments in securities	12,575	12,834	113,298
Investments in affiliates	23,415	24,055	210,965
Intangible assets	1,318	1,293	11,875
Assets for retirement benefits	408	285	3,676
Deferred income taxes	278	152	2,505
Other assets	1,297	1,115	11,686
Total investments and other assets	39,291	39,734	354,005
Total assets	¥ 134,047	¥ 130,805	\$ 1,207,739

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2019	2018	2019
Liabilities and net assets			
Current liabilities:			
Short-term bank loans	¥ 164	¥ 188	\$ 1,478
Current portion of long-term debt and lease obligations	114	104	1,027
Notes and accounts payable:			
Affiliates	515	613	4,640
Trade	15,195	15,203	136,904
Construction	257	139	2,316
	<u>15,967</u>	<u>15,955</u>	<u>143,860</u>
Accrued expenses	939	851	8,460
Accrued income taxes	689	720	6,208
Accrued employees' bonuses	975	977	8,785
Other current liabilities	2,583	2,812	23,271
Total current liabilities	<u>21,431</u>	<u>21,607</u>	<u>193,089</u>
Long-term liabilities:			
Long-term debt and lease obligations	121	775	1,090
Deferred income taxes	1,146	1,887	10,325
Accrued retirement benefits for directors and corporate auditors	-	-	-
Liability for retirement benefits	4,205	4,286	37,886
Other long-term liabilities	1,110	1,098	10,002
Total long-term liabilities	<u>6,582</u>	<u>8,046</u>	<u>59,303</u>
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized: 100,000,000 shares			
Issued: 30,272,503 shares in 2019 and 2018	8,061	8,061	72,628
Capital surplus	7,874	7,874	70,943
Retained earnings	88,191	81,237	794,586
Treasury stock: 1,100,952 shares in 2019 and 1,140,591 shares in 2018	(1,728)	(1,829)	(15,569)
Total shareholders' equity	<u>102,398</u>	<u>95,343</u>	<u>922,588</u>
Accumulated other comprehensive income (loss):			
Net unrealized holding gain on securities	2,720	3,401	24,507
Translation adjustments	(1,058)	583	(9,532)
Accumulated adjustments for retirement benefits	108	75	972
Total accumulated other comprehensive income	<u>1,770</u>	<u>4,059</u>	<u>15,947</u>
Non-controlling interests	1,865	1,750	16,803
Total net assets	<u>106,033</u>	<u>101,152</u>	<u>955,338</u>
Total liabilities and net assets	<u>¥ 134,047</u>	<u>¥ 130,805</u>	<u>\$ 1,207,739</u>

Nitta Corporation

Consolidated Statements of Income (unaudited)

Years ended March 31, 2019 and 2018

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2019	2018	2019
Net sales	¥ 89,174	¥ 72,961	\$ 803,442
Cost of sales	66,539	53,939	599,505
Gross profit	22,635	19,022	203,937
Selling, general and administrative expenses	16,972	14,157	152,914
Operating income	5,663	4,865	51,023
Other income (expenses):			
Interest and dividend income	260	201	2,343
Interest expense	(26)	(23)	(234)
Equity in earnings of affiliates	5,560	6,275	50,095
Exchange loss, net	(217)	(33)	(1,955)
Loss on sales or disposal of fixed assets	(42)	(16)	(378)
Impairment losses on fixed assets	(142)	(71)	(1,279)
Gain on sales of fixed assets	7	10	63
Gain on sales of investments in securities	(18)	-	(162)
Subsidy income	-	-	-
Insurance income	(32)	-	(288)
Other, net	307	222	2,763
Net income before taxes	11,320	11,430	101,991
Income taxes:			
Current	1,929	1,627	17,380
Deferred	169	384	1,523
	2,098	2,011	18,903
Net income	9,222	9,419	83,089
Profit attributable to non-controlling interests	250	255	2,253
Profit attributable to owners of parent	¥ 8,972	¥ 9,164	\$ 80,836

Nitta Corporation

Consolidated Statements of Comprehensive Income (unaudited)

Years ended March 31, 2019 and 2018

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2019	2018	2019
Net income	¥ 9,222	¥ 9,419	\$ 83,089
Other comprehensive income:			
Net unrealized holding gain on securities	(642)	1,153	(5,784)
Translation adjustments	(897)	576	(8,082)
Accumulated adjustments for retirement benefits	76	128	685
Share of other comprehensive income of affiliates accounted for by the equity method	(910)	152	(8,199)
Total other comprehensive income (loss)	(2,373)	2,009	(21,380)
Comprehensive income	¥ 6,849	¥ 11,428	\$ 61,708
Comprehensive income attributable to:			
Owners of parent	¥ 6,683	¥ 11,070	\$ 60,213
Non-controlling interests	166	358	1,496

Nitta Corporation

Consolidated Statements of Changes in Net Assets (unaudited)

Years ended March 31, 2019 and 2018

	<i>Millions of yen</i>					
	Shareholders' equity					Total shareholders' equity
	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	
Balance at April 1, 2017	30,272,503	¥ 8,061	¥ 7,874	¥ 73,625	¥ (1,921)	¥ 87,639
Net income attributable to owners of parent	—	—	—	9,164	—	9,164
Cash dividends	—	—	—	(1,552)	—	(1,552)
Change in the scope of consolidation	—	—	—	—	—	—
Purchases of treasury stock	—	—	—	—	(1)	(1)
Sales of treasury stock	—	—	—	—	93	93
Other changes	—	—	—	—	—	—
Balance at April 1, 2018	<u>30,272,503</u>	<u>¥ 8,061</u>	<u>¥ 7,874</u>	<u>¥ 81,237</u>	<u>¥ (1,829)</u>	<u>¥ 95,343</u>
Net income attributable to owners of parent	—	—	—	8,972	—	8,972
Cash dividends	—	—	—	(2,018)	—	(2,018)
Change in the scope of consolidation	—	—	—	—	—	—
Purchases of treasury stock	—	—	—	—	(1)	(1)
Sales of treasury stock	—	—	—	—	102	102
Other changes	—	—	—	—	—	—
Balance at March 31, 2019	<u>30,272,503</u>	<u>¥ 8,061</u>	<u>¥ 7,874</u>	<u>¥ 88,191</u>	<u>¥ (1,728)</u>	<u>¥ 102,398</u>

	<i>Millions of yen</i>					
	Accumulated other comprehensive income (loss)					Total net assets
	Net unrealized holding gain on securities	Translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Non-controlling interests	
Balance at April 1, 2017	¥ 2,258	¥ 38	¥ (143)	¥ 2,153	¥ 1,456	¥ 91,248
Net income attributable to owners of parent	—	—	—	—	—	9,164
Cash dividends	—	—	—	—	—	(1,552)
Change in the scope of consolidation	—	—	—	—	—	—
Purchases of treasury stock	—	—	—	—	—	(1)
Sales of treasury stock	—	—	—	—	—	93
Other changes	1,143	545	218	1,906	294	2,200
Balance at April 1, 2018	<u>¥ 3,401</u>	<u>¥ 583</u>	<u>¥ 75</u>	<u>¥ 4,059</u>	<u>¥ 1,750</u>	<u>¥ 101,152</u>
Net income attributable to owners of parent	—	—	—	—	—	8,972
Cash dividends	—	—	—	—	—	(2,018)
Change in the scope of consolidation	—	—	—	—	—	—
Purchases of treasury stock	—	—	—	—	—	(1)
Sales of treasury stock	—	—	—	—	—	102
Other changes	(681)	(1,641)	33	(2,289)	115	(2,174)
Balance at March 31, 2019	<u>¥ 2,720</u>	<u>¥ (1,058)</u>	<u>¥ 108</u>	<u>¥ 1,770</u>	<u>¥ 1,865</u>	<u>¥ 106,033</u>

Nitta Corporation

Consolidated Statements of Changes in Net Assets (unaudited) (continued)

Years ended March 31, 2019 and 2018

<i>Thousands of U.S. dollars</i>					
Shareholders' equity					
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2018	\$ 72,628	\$ 70,943	\$ 731,931	\$ (16,479)	\$ 859,023
Net income attributable to owners of parent	—	—	80,836	—	80,836
Cash dividends	—	—	(18,181)	—	(18,181)
Change in the scope of consolidation	—	—	—	—	—
Purchases of treasury stock	—	—	—	(9)	(9)
Sales of treasury stock	—	—	—	919	919
Other changes	—	—	—	—	—
Balance at March 31, 2019	<u>\$ 72,628</u>	<u>\$ 70,943</u>	<u>\$ 794,586</u>	<u>\$ (15,569)</u>	<u>\$ 922,588</u>

<i>Thousands of U.S. dollars</i>						
Accumulated other comprehensive income (loss)						
	Net unrealized holding gain on securities	Translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2018	\$ 30,642	\$ 5,252	\$ 676	\$ 36,570	\$ 15,767	\$ 911,360
Net income attributable to owners of parent	—	—	—	—	—	80,836
Cash dividends	—	—	—	—	—	(18,181)
Change in the scope of consolidation	—	—	—	—	—	—
Purchases of treasury stock	—	—	—	—	—	(9)
Sales of treasury stock	—	—	—	—	—	919
Other changes	(6,135)	(14,784)	296	(20,623)	1,036	(19,587)
Balance at March 31, 2019	<u>\$ 24,507</u>	<u>\$ (9,532)</u>	<u>\$ 972</u>	<u>\$ 15,947</u>	<u>\$ 16,803</u>	<u>\$ 955,338</u>

Nitta Corporation

Consolidated Statements of Cash Flows (unaudited)

Years ended March 31, 2019 and 2018

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2019	2018	2019
Operating activities:			
Net income before taxes	¥ 11,320	¥ 11,430	\$ 101,991
Adjustments for:			
Depreciation and amortization	2,355	1,998	21,218
Impairment losses on fixed assets	142	71	1,279
Amortization of goodwill	137	17	1,234
Increase(Decrease) in liability for retirement benefits	28	(26)	252
(Increase) in assets for retirement benefits	(123)	(26)	(1,108)
(Decrease) in accrued retirement benefits for directors and corporate auditors	-	(40)	-
(Decrease)Increase in allowance for doubtful accounts	(70)	19	(631)
Interest and dividend income	(260)	(201)	(2,343)
Interest expense	26	23	234
Exchange loss(gain) , net	23	(14)	207
Equity in earnings of affiliates	(5,560)	(6,275)	(50,095)
(Gain) on sales of investments in securities	(18)	-	(162)
(Gain)Loss on investment in partnership	(0)	6	(0)
Loss on sales or disposal of fixed assets, net	35	7	315
(Increase) in notes and accounts receivable	(1,558)	(2,725)	(14,037)
(Increase) in inventories	(560)	(654)	(5,045)
Increase in notes and accounts payable	90	1,204	811
Other, net	(385)	290	(3,467)
Subtotal	5,622	5,104	50,653
Interest and dividends received	5,552	3,343	50,023
Interest paid	(27)	(24)	(243)
Income taxes paid	(1,949)	(1,369)	(17,561)
Net cash generated from operating activities	¥ 9,198	¥ 7,054	\$ 82,872

Nitta Corporation

Consolidated Statements of Cash Flows (unaudited) (continued)

Years ended March 31, 2019 and 2018

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2019	2018	2019
Investing activities:			
Proceed from cancellation of money held in trust	¥ -	¥ -	\$ -
Purchases of property, plant and equipment	(2,694)	(3,863)	(24,272)
Proceeds from sales of property, plant and equipment	24	122	216
Purchases of intangible assets	(334)	(85)	(3,009)
Proceeds from sales of intangible assets	-	-	-
Purchases of investments in securities	(1,502)	(1,376)	(13,533)
Proceeds from sales of investments in securities	838	100	7,550
Acquisition of shares of subsidiary, net of cash acquired	-	(3,070)	-
Other	(2)	(5,088)	(18)
Net cash used in investing activities	(3,670)	(13,260)	(33,066)
Financing activities:			
Decrease in short-term bank loans, net	-	(10)	-
Proceeds from long-term debt	-	-	-
Repayment of long-term debt	(663)	(837)	(5,974)
Purchases of treasury stock	(0)	(1)	(0)
Proceeds from sales of treasury stock	102	92	919
Cash dividends paid	(2,078)	(1,687)	(18,722)
Other	4	(9)	36
Net cash used in financing activities	(2,635)	(2,452)	(23,741)
Effect of exchange rate changes on cash and cash equivalents	(281)	146	(2,531)
Increase in cash and cash equivalents	2,612	(8,512)	23,534
Cash and cash equivalents at beginning of the year	22,106	30,617	199,171
Increase due to change in scope of consolidation	-	-	-
Cash and cash equivalents at end of the year	¥ 24,718	¥ 22,105	\$ 222,705