

## To Our Shareholders

(April 1, 2017 to March 31, 2018)

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 89th fiscal year.

“V2020” phase 3 starts this fiscal year. In it, we will combine our group strengths, aiming for future growth while ensuring response to this era of rapid change as well as achievement of “V2020”.

We ask our shareholders for their continued support and guidance.

Representative Director/President **Motonobu Nitta**  
June 2018



## 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 /

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

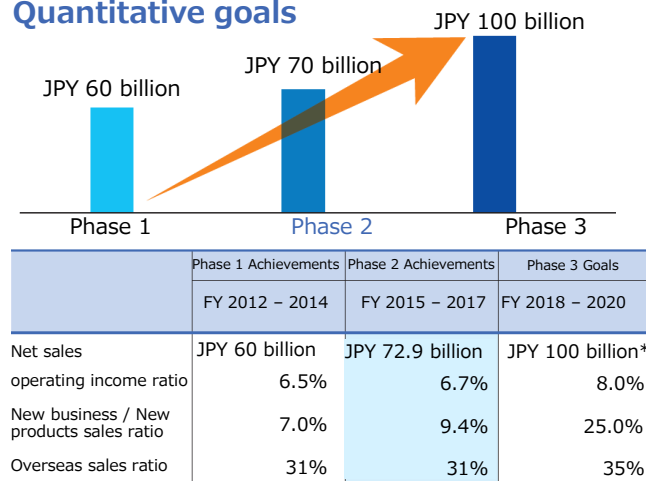
#### 2 Promote global management

- 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

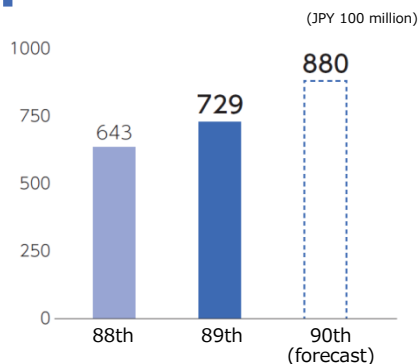


(\*) FY 2020 sales of 100 billion yen include new business.

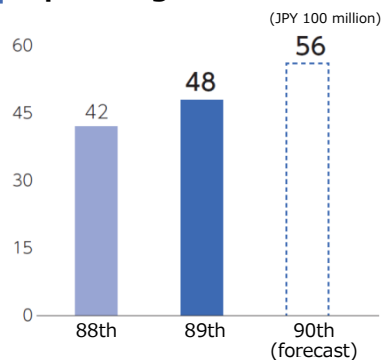
## ● Consolidated Financial Highlights

Net sales	72.9 billion	+13.4% year-on-year
Operating income	4.8 billion	+13.4% year-on-year
Ordinary income	11.5 billion	+19.1% year-on-year
Net income attributable to parent company shareholders	9.1 billion	+16.2% year-on-year

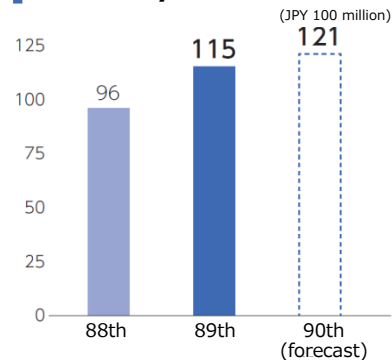
### Net sales



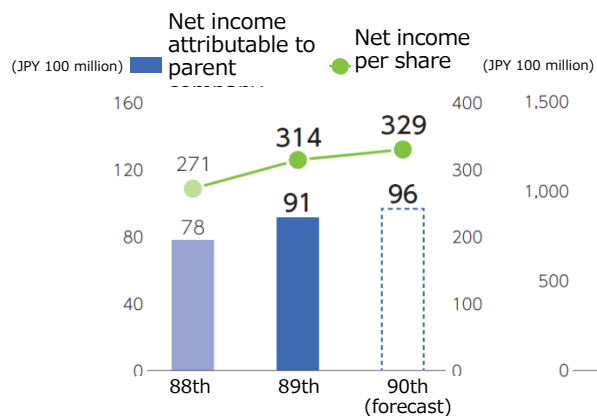
### Operating income



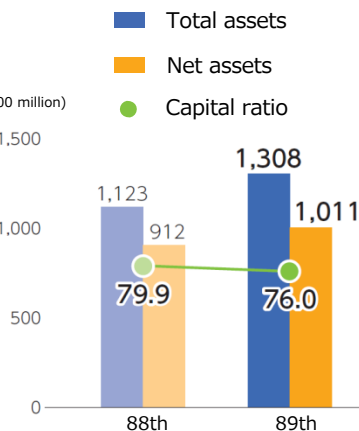
### Ordinary income



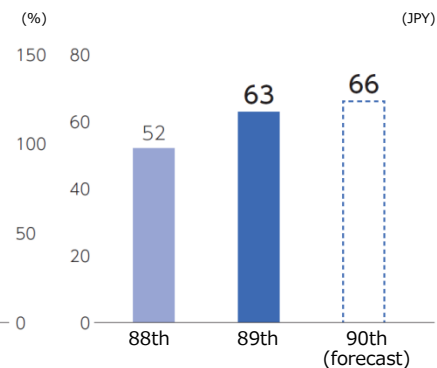
### Net income attributable to parent company shareholders/ Net income per share



### 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, 2018)

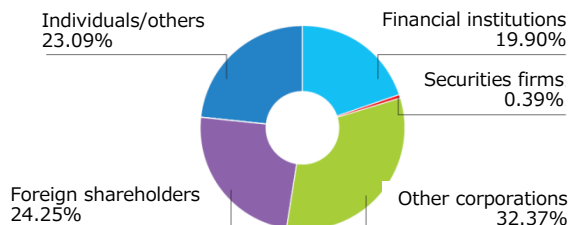
## Basic Information on Stocks

Total number of shares authorized to be issued .....	100,000,000 shares
Total number of shares issued .....	30,272,503 shares
Number of shareholders .....	4,002

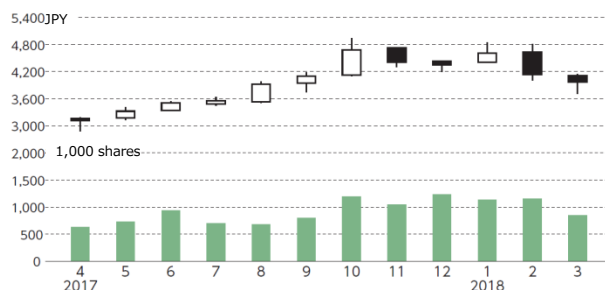
## Major Shareholders

	No. of shares held (thousand)	Shareholding ratio (%)
NITTA RUBBER INDUSTRIAL CO., Ltd.	2,842	9.71
IBP Co., Ltd.	2,301	7.86
Japan Trustee Services Bank, Ltd. (trust account)	1,564	5.34
Onga Holdings LLC	1,430	4.88
The Master Trust Bank of Japan, Ltd. (trust account)	1,329	4.54
J. P. MORGAN BANK LUXEMBOURG S.A. 380578	1,276	4.36
Nitta Business Partners Shareholder Association	943	3.22
GOLDMAN SACHS & CO.REG	637	2.18
Nitta Kyoeikai	582	1.99
Japan Trustee Services Bank, Ltd. (trust account 9)	519	1.77

## 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:** 2,900 (Consolidated basis)

## Executives (as of June 22, 2018)

### Directors and Audit & Supervisory Board Members Representative

<b>Director/President</b>	Motonobu Nitta
<b>Director</b>	Kazumi Inoue
<b>Director</b>	Keiji Yoshimura
<b>Director</b>	Yasunori Ishikiriyama
<b>Director</b>	Takeshi Kobayashi
<b>Director</b>	Takahiko Yoshida
<b>Outside Director</b>	Mitsuyuki Suga
<b>Outside Director</b>	Masataka Nakao
<b>Audit &amp; Supervisory Board Member</b>	Kouji Fujita
<b>Audit &amp; Supervisory Board Member</b>	Kiyotaka Inoue
<b>Outside Audit &amp; Supervisory Board Member</b>	Miyoshi Morimoto
<b>Outside Audit &amp; Supervisory Board Member</b>	Tsuneaki Teshima

### Executive Officers

<b>President</b>	Motonobu Nitta
<b>Managing Executive Officer</b>	Kazumi Inoue
<b>Managing Executive Officer</b>	Takeshi Kobayashi
<b>Managing Executive Officer</b>	Yasunori Ishikiriyama
<b>Executive Officer</b>	Keiji Yoshimura
<b>Executive Officer</b>	Takahiro Shigeno
<b>Executive Officer</b>	Haruki Shimada
<b>Executive Officer</b>	Shigeki Shinoda
<b>Executive Officer</b>	Takahiko Yoshida
<b>Executive Officer</b>	Hiroki Suzuki
<b>Executive Officer</b>	Toyohiro Hagiwara
<b>Technical Supervisor</b>	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
Shares per unit	100 shares
Public notice	The Company posts information about public notices on its website ( <a href="http://www.nitta.co.jp/ir/index.html">http://www.nitta.co.jp/ir/index.html</a> )
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.

Telephone: ☎ 0120-782-031

URL: <http://www.smtb.jp/personal/agency/index.html>



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 <http://www.nitta.co.jp/>

**Consolidated Financial Statements**  
**(unaudited)**

**Nitta Corporation**

*Years ended March 31, 2018 and 2017*

Nitta Corporation

Consolidated Financial Statements (unaudited)

Years ended March 31, 2018 and 2017

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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 ¥106.24= U.S. \$1.00, the approximate rate of exchange in effect on March 31, 2018. 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
	2018	2017	2018
<b>Assets</b>			
Current assets:			
Cash and deposits	¥ 25,645	¥ 24,978	\$ 241,387
Short-term investments	2,000	6,000	18,825
Notes and accounts receivable:			
Affiliates	784	814	7,380
Trade	27,660	20,011	260,353
Allowance for doubtful accounts	(47)	(38)	(442)
	28,397	20,787	267,291
Inventories	9,094	6,597	85,599
Deferred income taxes	770	684	7,248
Other current assets	1,751	1,534	16,482
Total current assets	67,657	60,580	636,832
Property, plant and equipment, at cost:			
Land	3,016	2,650	28,389
Buildings and structures	35,119	30,145	330,563
Machinery, equipment and vehicles	24,327	17,559	228,982
Tools, furniture and fixtures	6,587	5,119	62,001
Construction in progress	723	978	6,805
Accumulated depreciation	(46,358)	(37,074)	(436,352)
Property, plant and equipment, net	23,414	19,377	220,388
Investments and other assets:			
Investments in securities	12,834	9,786	120,802
Investments in affiliates	24,055	20,769	226,421
Intangible assets	1,293	533	12,171
Assets for retirement benefits	285	259	2,683
Deferred income taxes	152	107	1,431
Other assets	1,115	934	10,494
Total investments and other assets	39,734	32,388	374,002
Total assets	¥ 130,805	¥ 112,345	\$ 1,231,222

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2018</b>	2017	<b>2018</b>
<b>Liabilities and net assets</b>			
Current liabilities:			
Short-term bank loans	¥ 188	¥ -	\$ 1,770
Current portion of long-term debt and lease obligations	104	7	979
Notes and accounts payable:			
Affiliates	613	556	5,770
Trade	15,203	11,406	143,101
Construction	139	92	1,308
	<u>15,955</u>	<u>12,054</u>	<u>150,179</u>
Accrued expenses	851	569	8,010
Accrued income taxes	720	450	6,777
Accrued employees' bonuses	977	940	9,196
Other current liabilities	2,812	1,227	26,468
Total current liabilities	<u>21,607</u>	<u>15,247</u>	<u>203,379</u>
Long-term liabilities:			
Long-term debt and lease obligations	775	512	7,295
Deferred income taxes	1,887	834	17,762
Accrued retirement benefits for directors and corporate auditors	-	40	-
Liability for retirement benefits	4,286	3,403	40,343
Other long-term liabilities	1,098	1,061	10,334
Total long-term liabilities	<u>8,046</u>	<u>5,850</u>	<u>75,734</u>
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized: 100,000,000 shares			
Issued: 30,272,503 shares in 2018 and 2017	8,061	8,061	75,875
Capital surplus	7,874	7,874	74,115
Retained earnings	81,237	73,625	764,656
Treasury stock: 1,140,591 shares in 2018 and 1,176,185 shares in 2017	(1,829)	(1,921)	(17,216)
Total shareholders' equity	<u>95,343</u>	<u>87,639</u>	<u>897,430</u>
Accumulated other comprehensive income (loss):			
Net unrealized holding gain on securities	3,401	2,258	32,012
Translation adjustments	583	38	5,488
Accumulated adjustments for retirement benefits	75	(143)	706
Total accumulated other comprehensive income	<u>4,059</u>	<u>2,153</u>	<u>38,206</u>
Non-controlling interests	1,750	1,456	16,472
Total net assets	<u>101,152</u>	<u>91,248</u>	<u>952,108</u>
Total liabilities and net assets	<u>¥ 130,805</u>	<u>¥ 112,345</u>	<u>\$ 1,231,222</u>



# Nitta Corporation

## Consolidated Statements of Income (unaudited)

Years ended March 31, 2018 and 2017

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2018</b>	2017	<b>2018</b>
Net sales	<b>¥ 72,961</b>	¥ 64,360	<b>\$ 686,756</b>
Cost of sales	<b>53,939</b>	46,790	<b>507,709</b>
Gross profit	<b>19,022</b>	17,570	<b>179,047</b>
Selling, general and administrative expenses	<b>14,157</b>	13,281	<b>133,254</b>
Operating income	<b>4,865</b>	4,289	<b>45,793</b>
Other income (expenses):			
Interest and dividend income	<b>201</b>	201	<b>1,892</b>
Interest expense	<b>(23)</b>	(14)	<b>(216)</b>
Equity in earnings of affiliates	<b>6,275</b>	5,393	<b>59,064</b>
Exchange loss, net	<b>(33)</b>	(220)	<b>(311)</b>
Loss on sales or disposal of fixed assets	<b>(16)</b>	(13)	<b>(151)</b>
Impairment losses on fixed assets	<b>(71)</b>	(146)	<b>(668)</b>
Gain on sales of fixed assets	<b>10</b>	53	<b>94</b>
Gain on sales of investments in securities	-	9	-
Subsidy income	-	-	-
Insurance income	-	30	-
Other, net	<b>222</b>	(43)	<b>2,090</b>
Net income before taxes	<b>11,430</b>	9,539	<b>107,587</b>
Income taxes:			
Current	<b>1,627</b>	1,430	<b>15,315</b>
Deferred	<b>384</b>	13	<b>3,614</b>
	<b>2,011</b>	1,443	<b>18,929</b>
Net income	<b>9,419</b>	8,096	<b>88,658</b>
Profit attributable to non-controlling interests	<b>255</b>	209	<b>2,400</b>
Profit attributable to owners of parent	<b>¥ 9,164</b>	¥ 7,887	<b>\$ 86,258</b>

# Nitta Corporation

## Consolidated Statements of Comprehensive Income (unaudited)

Years ended March 31, 2018 and 2017

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2018</b>	2017	<b>2018</b>
Net income	<b>¥ 9,419</b>	¥ 8,096	<b>\$ 88,658</b>
Other comprehensive income:			
Net unrealized holding gain on securities	<b>1,153</b>	576	<b>10,853</b>
Translation adjustments	<b>576</b>	(894)	<b>5,422</b>
Accumulated adjustments for retirement benefits	<b>128</b>	173	<b>1,205</b>
Share of other comprehensive income of affiliates accounted for by the equity method	<b>152</b>	(1,096)	<b>1,430</b>
Total other comprehensive income (loss)	<b>2,009</b>	(1,241)	<b>18,910</b>
Comprehensive income	<b>¥ 11,428</b>	¥ 6,855	<b>\$ 107,568</b>
Comprehensive income attributable to:			
Owners of parent	<b>¥ 11,070</b>	¥ 6,704	<b>\$ 104,198</b>
Non-controlling interests	<b>358</b>	151	<b>3,370</b>

# Nitta Corporation

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

Years ended March 31, 2018 and 2017

	<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, 2016	30,272,503	¥ 8,061	¥ 7,874	¥ 67,318	¥ (2,030)	¥ 81,223
Net income attributable to owners of parent	—	—	—	7,887	—	7,887
Cash dividends	—	—	—	(1,580)	—	(1,580)
Change in the scope of consolidation	—	—	—	—	—	—
Purchases of treasury stock	—	—	—	—	(1)	(1)
Sales of treasury stock	—	—	—	—	110	110
Other changes	—	—	—	—	—	—
Balance at April 1, 2017	<u>30,272,503</u>	<u>¥ 8,061</u>	<u>¥ 7,874</u>	<u>¥ 73,625</u>	<u>¥ (1,921)</u>	<u>¥ 87,639</u>
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 March 31, 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>

	<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, 2016	¥ 1,689	¥ 1,925	¥ (278)	¥ 3,336	¥ 1,410	¥ 85,969
Net income attributable to owners of parent	—	—	—	—	—	7,887
Cash dividends	—	—	—	—	—	(1,580)
Change in the scope of consolidation	—	—	—	—	—	—
Purchases of treasury stock	—	—	—	—	—	(1)
Sales of treasury stock	—	—	—	—	—	110
Other changes	569	(1,887)	135	(1,183)	46	(1,137)
Balance at April 1, 2017	<u>¥ 2,258</u>	<u>¥ 38</u>	<u>¥ (143)</u>	<u>¥ 2,153</u>	<u>¥ 1,456</u>	<u>¥ 91,248</u>
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 March 31, 2018	<u>¥ 3,401</u>	<u>¥ 583</u>	<u>¥ 75</u>	<u>¥ 4,059</u>	<u>¥ 1,750</u>	<u>¥ 101,152</u>

# Nitta Corporation

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

Years ended March 31, 2018 and 2017

<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, 2017	\$ 75,875	\$ 74,115	\$ 693,006	\$ (18,082)	\$ 824,914
Net income attributable to owners of parent	—	—	86,258	—	86,258
Cash dividends	—	—	(14,608)	—	(14,608)
Change in the scope of consolidation	—	—	—	—	—
Purchases of treasury stock	—	—	—	(9)	(9)
Sales of treasury stock	—	—	—	875	875
Other changes	—	—	—	—	—
Balance at March 31, 2018	<u>\$ 75,875</u>	<u>\$ 74,115</u>	<u>\$ 764,656</u>	<u>\$ (17,216)</u>	<u>\$ 897,430</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, 2017	\$ 21,253	\$ 357	\$ (1,346)	\$ 20,264	\$ 13,705	\$ 858,883
Net income attributable to owners of parent	—	—	—	—	—	86,258
Cash dividends	—	—	—	—	—	(14,608)
Change in the scope of consolidation	—	—	—	—	—	—
Purchases of treasury stock	—	—	—	—	—	(9)
Sales of treasury stock	—	—	—	—	—	875
Other changes	10,759	5,131	2,052	17,942	2,767	20,709
Balance at March 31, 2018	<u>\$ 32,012</u>	<u>\$ 5,488</u>	<u>\$ 706</u>	<u>\$ 38,206</u>	<u>\$ 16,472</u>	<u>\$ 952,108</u>

Nitta Corporation

Consolidated Statements of Cash Flows (unaudited)

Years ended March 31, 2018 and 2017

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2018</b>	2017	<b>2018</b>
<b>Operating activities:</b>			
Net income before taxes	¥ 11,430	¥ 9,539	\$ 107,587
Adjustments for:			
Depreciation and amortization	1,998	1,771	18,806
Impairment losses on fixed assets	71	146	668
Amortization of goodwill	17	19	160
(Decrease) increase in liability for retirement benefits	(26)	61	(245)
(Increase) in assets for retirement benefits	(26)	(3)	(245)
(Decrease) in accrued retirement benefits for directors and corporate auditors	(40)	(1)	(377)
increase(Decrease) in allowance for doubtful accounts	19	(2)	179
Interest and dividend income	(201)	(201)	(1,892)
Interest expense	23	14	216
Exchange loss , net	(14)	69	(132)
Equity in earnings of affiliates	(6,275)	(5,393)	(59,064)
(Gain) on sales of investments in securities	-	(9)	-
Loss(Gain) on investment in partnership	6	(3)	56
Loss(Gain) on sales or disposal of fixed assets, net	7	(40)	66
(Increase) in notes and accounts receivable	(2,725)	(1,647)	(25,649)
(Increase) in inventories	(654)	(733)	(6,156)
Increase in notes and accounts payable	1,204	1,460	11,333
Other, net	290	(93)	2,731
Subtotal	5,104	4,954	48,042
Interest and dividends received	3,343	6,023	31,466
Interest paid	(24)	(16)	(226)
Income taxes paid	(1,369)	(1,614)	(12,886)
Net cash generated from operating activities	¥ 7,054	¥ 9,347	\$ 66,396

Nitta Corporation

Consolidated Statements of Cash Flows (unaudited) (continued)

Years ended March 31, 2018 and 2017

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2018</b>	2017	<b>2018</b>
<b>Investing activities:</b>			
Proceed from cancellation of money held in trust	¥ -	¥ -	\$ -
Purchases of property, plant and equipment	(3,863)	(3,074)	(36,361)
Proceeds from sales of property, plant and equipment	122	230	1,148
Purchases of intangible assets	(85)	(63)	(800)
Proceeds from sales of intangible assets	-	19	-
Purchases of investments in securities	(1,376)	(1,931)	(12,952)
Proceeds from sales of investments in securities	100	811	941
Acquisition of shares of subsidiary, net of cash acquired	(3,070)	-	(28,897)
Other	(5,088)	(204)	(47,891)
Net cash used in investing activities	(13,260)	(4,212)	(124,812)
<b>Financing activities:</b>			
Decrease in short-term bank loans, net	(10)		(94)
Proceeds from long-term debt	-	100	-
Repayment of long-term debt	(837)	(313)	(7,878)
Purchases of treasury stock	(1)	(0)	(9)
Proceeds from sales of treasury stock	92	110	866
Cash dividends paid	(1,687)	(1,686)	(15,879)
Other	(9)	2	(85)
Net cash used in financing activities	(2,452)	(1,787)	(23,079)
Effect of exchange rate changes on cash and cash equivalents	146	(357)	1,374
Increase in cash and cash equivalents	(8,512)	2,991	(80,121)
Cash and cash equivalents at beginning of the year	30,617	27,626	288,187
Increase due to change in scope of consolidation	-	-	-
Cash and cash equivalents at end of the year	¥ 22,105	¥ 30,617	\$ 208,066