

Date: January 31, 2018

Listed company name: Nitto Denko Corporation

Stock exchange listing: Tokyo, First Section

Code number: 6988

Company representative: Hideo Takasaki, President

Contact person: Jun Yamashita,

Senior Vice President,

Director, Global Corporate Strategy Management Division

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Notice of Change in Consolidated Subsidiary with Transfer of Shares

Nitto Denko Corporation (“the Company”) announces that the Company resolved transfer of all shares, owned by the Company, and its consolidated subsidiary Nitto Denko (China) Investment Co., Ltd., in its consolidated subsidiary, Nitto Denko (Suzhou) Co., Ltd. (“the Subsidiary Company”) at the meeting of Board of Directors on January 31, 2018.

1. Reason for Transfer of Shares

In the Flexible Printed Circuit (FPC) business at the Subsidiary Company in Suzhou, China, the production capacity for supplying within China area is smaller than other competitors and the cost reduction is also limited due to accelerating generalization in the market. Consequently, price competitiveness has been decreasing.

Meanwhile, Nippon Mektron, Ltd. (“the Counterparty”) had an intention to strengthen its market competitiveness in the Chinese market.

The Company concluded that transfer of the Subsidiary Company’s business to the Counterparty would maximize the business value, while an agreement was reached between both sides.

2. Description of the Subsidiary Company of Share Transfer

(1) Name	Nitto Denko (Suzhou) Co., Ltd.	
(2) Location	No.468, Suhong Zhong Rd., Suzhou Industrial Park, Suzhou, Jiangsu Province, P.R.China	
(3) Title/Name of Representative	Chairman, Toshihiko TAKAYANAGI	
(4) Business	Manufacturing, development and sales including export of electronics related material (Flexible Printed Circuit, Polarizing Film for LCDs, and Tape for electronics products)	
(5) Amount of Capital	RMB 370 million (Approximately JPY6.4 billion, exchange rate as of January 30, 2018)	
(6) Date of Incorporation	July 5, 2001	
(7) Major Shareholders and Percentage of Shares Held	The Company 34.2% Nitto Denko (China) Investment Co., Ltd. (the Company’s 100% Owing Subsidiary) 65.8%	
(8) Relationship between the Company and the Subsidiary Company	Capital	The Company 34.2%, Nitto Denko (China) Investment Co., Ltd. (the Company’s 100% Owing Subsidiary) 65.8%
	Personnel	The Company’s officers and employees have been assigned to the Subsidiary Company
	Business Transaction	The Company supplies semi-finished products to the Subsidiary Company, and purchases products from it.

(9) Business Results and Financial Condition in the last 3 years			
Fiscal Year	December 31, 2014	December 31, 2015	December 31, 2016
Net Assets	773.7 million RMB	808.7 million RMB	507.9 million RMB
Total Assets	1,315.6 million RMB	972.6 million RMB	871.3 million RMB
Revenue	2,569.8 million RMB	1,313.7 million RMB	1,418.3 million RMB
Operating Income	235.2 million RMB	51.1 million RMB	-173.9 million RMB
Ordinary Income	235.7 million RMB	47.0 million RMB	-172.5 million RMB
Net Income	176.4 million RMB	35.0 million RMB	-195.8 million RMB
Annual Dividend	0	0	105.0 million RMB

3. Description of the Counterparty to the Share Transfer

(1) Name	Nippon Mektron, Ltd.		
(2) Location	1-12-15 Shiba-Daimon, Minato-ku, Tokyo, Japan		
(3) Title/Name of Representative	President, Toshifumi KOBAYASHI		
(4) Business	Manufacturing and Sales of Electronic Component		
(5) Amount of Capital	5 billion JPY		
(6) Date of Incorporation	November 5, 1969		
(7) Net Assets	63.4 billion JPY		
(8) Total Assets	95.1 billion JPY		
(9) Major Shareholders and Shareholding Ratio	NOK Corporation 100%		
(10) Relationship between the Company and the Counterparty	Capital	None	
	Personnel	None	
	Business Transaction	Sales / Purchase of Film Products	
	Relationship as a Related Party	None	

4. Description of the Shares to be Transferred, Transfer Price and the Status of the shares before and after the Transfer

(1) Shares before the Transfer	100% (the Company 34.2%, Nitto Denko (China) Investment Co. Ltd. 65.8%)
(2) Shares to be Transferred	100% (the Company 34.2%, Nitto Denko (China) Investment Co. Ltd. 65.8%)
(3) Transfer Price	—
(4) Shares after the Transfer	0%

The transfer price is refrained to disclose subject to an agreement with the Counterparty.

5. Schedule

(1) Date of Board of Directors' Meeting of the Company	January 31, 2018
(2) Contract Date of the Share Transfer Agreement	January 31, 2018
(3) Effective Date of the Share Transfer	May, 2018 (Estimated)

6. Future Outlook

The transfer is estimated to be completed next fiscal year. Before completion, expenses will be incurred. The transfer will have an immaterial effect on the Company's consolidated financial forecasts for the full fiscal year 2017 ending March 31, 2018.