

Dec 10th 2018

Company Name Nifco Inc.
 Head Office 5-3 Hikarinooka, Yokosuka-shi, Kanagawa
 Company Code 7988 (1st Board TSE)
 Rep. Director President & Representative Director,
 Toshiyuki Yamamoto
 Contact Person Executive Managing officer,
 Chief Financial Officer, Junji Honda
 (TEL:03-5476-4853)

Notice of Merger of Consolidated Subsidiary

Nifco Inc. (“the Company”) hereby gives notice of a decision approved at a Board of Directors’ meeting on Dec 12 2018 to merge its 100% owned subsidiaries Nifco KTS GmbH and Nifco KTW GmbH. As this merger is a merger between the Company’s consolidated subsidiaries, some disclosure items have been omitted below.

1. Aim of the merger

To realize and actualize the Company’s growth strategy in the German OEM market

2. Details of the merger

(1) Merger method

Nifco KTS GmbH shall be absorbed into the remaining Nifco KTW GmbH.

(2) Merger schedule

- 1) Contract approved : December 10th 2018
- 2) Shareholders meeting approval date : N/A
- 3) Date of merger : August 2019 (planned)

(3) Related distributions from the merger : N/A

(4) New stock acquisition rights from absorbed entity : N/A

3. Details of merging entities

| | | |
|---|--|--|
| (1) Name | Nifco KTS GmbH | Nifco KTW GmbH |
| (2) Location | Sollenberg, Germany | Weissenberg, Germany |
| (3) Representative | Tony Schmidt, 1 other | Karsten Schmidt, 2 others |
| (4) Business line | Sale and manufacture of plastic auto parts | Sale and manufacture of plastic auto parts |
| (5) Capital | €26 million (¥3.4 billion approx.) | €70 million (¥9.2 billion approx.) |
| (6) Established | 2014 | 2015 |
| (7) Outstanding shares | N/A | N/A |
| (8) Fiscal end | December 31 | December 31 |
| (9) Major shareholder and % | Nifco Inc. 100% | Nifco Inc. 100% |
| (10) Financial performance and operational results at December 2017 | | |
| 1) Net assets | €25 million (¥3.3 billion approx.) | €78 million (¥10.1 billion approx.) |
| 2) Total assets | €39 million (¥5 billion approx.) | €119 million (¥15.5 billion approx.) |
| 3) Balance of sales | €60 million (¥7.8 billion approx.) | €116 million (¥15.1 billion approx.) |
| 4) Operating profit (after goodwill) | €3.7 million (¥0.49 billion approx.) | €6.3 million (¥0.82 billion approx.) |
| 5) Ordinary income | €2.3 million (¥0.3 billion approx.) | €6.1 million (¥0.79 billion approx.) |
| 6) Net income | €0.7 million (¥0.09 billion approx.) | €4.6 million (¥0.6 billion approx.) |

※Exchange rate used: 1 EUR = 130 YEN

4. Conditions following the merger

The new entity name, location, representative and capital are as follows below. There will be no change to the line of business or business reporting periods.

| | |
|--------------------|-------------------------------------|
| (1) Name | Nifco Germany GmbH |
| (2) Location | Weissenberg, Germany |
| (3) Representative | Axel Muller, 6 others |
| (4) Capital | €96 million (¥12.5 billion approx.) |

5. Future business outlook

As this merger is an internal reorganization of the Company's 100% owned subsidiaries, there will be no adverse effects on business performance.

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