

Consolidated Financial Results

For the Third Quarter of the Fiscal Year Ending March 31, 2019 (Japanese GAAP)



February 6, 2019
Tokyo Stock Exchanges in Japan

Company name : NHK SPRING CO., LTD.
 Code number : 5991
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Filing date of quarterly securities report : February 7, 2019
 Payment date of cash dividends : —
 Supplemental materials prepared for financial results : No
 Earnings announcement for financial results : No

(Amounts less than one million yen are rounded down)

1. Consolidated Results for the Third Quarter of Fiscal Year 2019 (April 1, 2018 through December 31, 2018)

(1) Consolidated Financial Results (Percentage indicates change from the same period of the previous fiscal year)

| | Net sales | | Operating income | | Ordinary Income | | Profit attributable to owners of parent | |
|--------------------|-----------------|-----|------------------|-------|-----------------|-------|---|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY2019 3rd quarter | 513,003 | 6.6 | 23,459 | (8.3) | 26,970 | (2.2) | 19,293 | (5.3) |
| FY2018 3rd quarter | 481,265 | 5.0 | 25,570 | (7.6) | 27,568 | (6.4) | 20,372 | (1.8) |

Note: Comprehensive income: FY2019 3rd quarter 13,874 million yen ((47.8) %) FY2018 3rd quarter 26,592 million yen (31.0 %)

| | Net income per share, Basic | Net income per share, Diluted |
|--------------------|-----------------------------|-------------------------------|
| | Yen | Yen |
| FY2019 3rd quarter | 81.37 | 79.07 |
| FY2018 3rd quarter | 85.93 | 83.49 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity to total assets |
|--------------------|-----------------|-----------------|--------------------------------------|
| | Millions of yen | Millions of yen | % |
| FY2019 3rd quarter | 588,455 | 315,189 | 50.9 |
| FY2018 | 568,380 | 307,648 | 51.5 |

Reference: Shareholders' equity (Net assets excluding non-controlling interests)

: FY2019 3rd quarter 299,751 million yen FY2018 292,836 million yen

Note: The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018)" from the beginning of the first quarter.

The figures for the year ended March 31, 2018 were adjusted retrospectively in accordance with this change.

2. Dividends

| | Cash dividends per share | | | | |
|-------------------|--------------------------|-------------|-------------|----------|-----------|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | Year-end | Full year |
| | Yen | Yen | Yen | Yen | Yen |
| FY2018 | — | 11.00 | — | 12.00 | 23.00 |
| FY2019 | — | 12.00 | — | — | — |
| FY2019 (Forecast) | — | — | — | — | — |

Notes 1. Revisions to the forecast of dividends since the latest announcement: No

2. Forecasts of year-end dividend for FY2019 are currently undecided.

3. Forecast of Consolidated Results for Fiscal Year 2019 (April 1, 2018 through March 31, 2019)

(Percentage indicates change from the same period of the previous fiscal year)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Net income per share, Basic |
|-----------|-----------------|-----|------------------|--------|-----------------|--------|---|-----|-----------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 686,000 | 4.0 | 27,000 | (24.0) | 30,000 | (17.6) | 21,000 | 2.5 | 88.57 |

Note: Revisions to the forecast of consolidated results since the latest announcement: Yes

4. Others

- (1) Changes of significant subsidiaries in the third quarter of fiscal year 2019 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements : No
- (3) Changes in accounting policies, procedures and methods of presentation for preparing the consolidated financial statements
- [1] Changes due to revisions of accounting standards : No
 - [2] Changes due to other reasons : No
 - [3] Changes of estimation due to accounting issues : No
 - [4] Restatements : No

(4) Number of outstanding shares (Common Stock)

| | | | | |
|----------------------------------|-------------------------|--------------------|-----------------------|--------------------|
| [1] Number of outstanding shares | As of December 31, 2018 | 244,066,144 shares | As of March 31, 2018 | 244,066,144 shares |
| [2] Number of treasury stock | As of December 31, 2018 | 6,975,013 shares | As of March 31, 2018 | 6,974,261 shares |
| [3] Average number of shares | 3rd quarter of FY2019 | 237,091,495 shares | 3rd quarter of FY2018 | 237,092,492 shares |

* This quarterly report is out of the scope of the quarterly review.

* Explanation about appropriate use of the financial results forecasts, and other noteworthy matters
Statements related to the future, including the forecast of financial results, were based on the information available as of the date when this document was released. Therefore, actual results may differ considerably due to various factors that might occur in the future.

Quarterly consolidated Financial Statements

(1) Quarterly consolidated Balance Sheets

(Unit: Millions of yen)

| | FY2018 (As of 31 March, 2018) | FY2019 (As of 31 December, 2018) |
|--|----------------------------------|-------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 95,251 | 99,956 |
| Notes and accounts receivable - trade | 146,781 | 144,391 |
| Merchandise and finished goods | 17,127 | 18,470 |
| Work in process | 8,685 | 11,041 |
| Raw materials and supplies | 16,729 | 18,014 |
| Partly-finished goods | 6,047 | 6,374 |
| Other | 24,427 | 27,090 |
| Allowance for doubtful accounts | (88) | (112) |
| Total current assets | 314,962 | 325,227 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 143,498 | 148,882 |
| Accumulated depreciation | (92,134) | (94,862) |
| Buildings and structures, net | 51,364 | 54,019 |
| Machinery, equipment and vehicles | 241,938 | 249,447 |
| Accumulated depreciation | (188,455) | (195,877) |
| Machinery, equipment and vehicles, net | 53,483 | 53,570 |
| Land | 30,515 | 30,561 |
| Leased assets | 1,248 | 1,321 |
| Accumulated depreciation | (630) | (682) |
| Leased assets, net | 617 | 639 |
| Construction in progress | 12,071 | 19,015 |
| Other | 68,431 | 73,158 |
| Accumulated depreciation | (60,974) | (63,511) |
| Other, net | 7,456 | 9,646 |
| Total property, plant and equipment | 155,508 | 167,451 |
| Intangible assets | 3,089 | 2,785 |
| Investments and other assets | | |
| Investment securities | 64,678 | 55,190 |
| Long-term loans receivable | 8,719 | 10,582 |
| Deferred tax assets | 7,739 | 8,025 |
| Net defined benefit asset | 4,619 | 5,243 |
| Other | 9,935 | 14,948 |
| Allowance for doubtful accounts | (873) | (1,000) |
| Total investments and other assets | 94,819 | 92,990 |
| Total non-current assets | 253,418 | 263,227 |
| Total assets | 568,380 | 588,455 |

(Unit: Millions of yen)

| | FY2018 (As of 31 March, 2018) | FY2019 (As of 31 December, 2018) |
|---|----------------------------------|-------------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 87,507 | 82,998 |
| Electronically recorded obligations - operating | 43,637 | 49,159 |
| Short-term loans payable | 13,320 | 18,643 |
| Income taxes payable | 6,074 | 622 |
| Provision for directors' bonuses | 268 | 200 |
| Notes payable - facilities | 3,714 | 4,400 |
| Current portion of convertible bond-type bonds with subscription rights to shares | — | 11,100 |
| Other | 37,515 | 34,984 |
| Total current liabilities | 192,038 | 202,108 |
| Non-current liabilities | | |
| Convertible bond-type bonds with subscription rights to shares | 10,624 | — |
| Long-term loans payable | 25,338 | 37,894 |
| Lease obligations | 563 | 535 |
| Deferred tax liabilities | 9,414 | 9,071 |
| Net defined benefit liability | 15,859 | 16,729 |
| Provision for directors' retirement benefits | 507 | 553 |
| Provision for officers' retirement benefits | 810 | 849 |
| Other | 5,574 | 5,523 |
| Total non-current liabilities | 68,692 | 71,156 |
| Total liabilities | 260,731 | 273,265 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 17,009 | 17,009 |
| Capital surplus | 19,579 | 19,579 |
| Retained earnings | 229,163 | 242,766 |
| Treasury stock | (7,516) | (7,517) |
| Total shareholders' equity | 258,235 | 271,837 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 27,935 | 20,869 |
| Foreign currency translation adjustment | 7,355 | 7,648 |
| Remeasurements of defined benefit plans | (688) | (603) |
| Total accumulated other comprehensive income | 34,601 | 27,913 |
| Non-controlling interests | 14,811 | 15,438 |
| Total net assets | 307,648 | 315,189 |
| Total liabilities and net assets | 568,380 | 588,455 |

(2) Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(Nine Months Ended December 31, 2018)

(Unit: Millions of yen)

| | FY2018 (9 months ended December 31, 2017) | FY2019 (9 months ended December 31, 2018) |
|--|---|---|
| Net sales | 481,265 | 513,003 |
| Cost of sales | 422,423 | 455,085 |
| Gross profit | 58,841 | 57,918 |
| Selling, general and administrative expenses | 33,271 | 34,458 |
| Operating income | 25,570 | 23,459 |
| Non-operating income | | |
| Interest income | 602 | 767 |
| Dividend income | 1,563 | 1,538 |
| Foreign exchange gains | 207 | 1,048 |
| Other | 1,829 | 1,616 |
| Total non-operating income | 4,203 | 4,971 |
| Non-operating expenses | | |
| Interest expenses | 229 | 233 |
| Other | 1,974 | 1,227 |
| Total non-operating expenses | 2,204 | 1,461 |
| Ordinary income | 27,568 | 26,970 |
| Extraordinary income | | |
| Gain on sales of non-current assets | — | 1,400 |
| Gain on sales of investment securities | 2,386 | — |
| Total extraordinary income | 2,386 | 1,400 |
| Extraordinary losses | | |
| Loss on valuation of investment securities | — | 364 |
| Total extraordinary losses | — | 364 |
| Profit before income taxes | 29,954 | 28,006 |
| Income taxes | 8,050 | 7,263 |
| Profit | 21,903 | 20,742 |
| Profit attributable to non-controlling interests | 1,531 | 1,449 |
| Profit attributable to owners of parent | 20,372 | 19,293 |

(Quarterly Consolidated Statements of Comprehensive Income)
(Nine Months Ended December 31, 2018)

| | (Unit: Millions of yen) | |
|---|---|---|
| | FY2018 (9 months ended December 31, 2017) | FY2019 (9 months ended December 31, 2018) |
| Profit | 21,903 | 20,742 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,537 | (7,088) |
| Foreign currency translation adjustment | 1,446 | 201 |
| Remeasurements of defined benefit plans, net of tax | 510 | 90 |
| Share of other comprehensive income of entities accounted for using equity method | 194 | (71) |
| Total other comprehensive income | 4,688 | (6,868) |
| Comprehensive income | 26,592 | 13,874 |
| Comprehensive income attributable to: | | |
| Owners of parent | 24,822 | 12,605 |
| Non-controlling interests | 1,770 | 1,269 |