

**Consolidated Financial Results**  
**For the Fiscal Year Ended March 31, 2018**  
**(Japanese GAAP)**



May 11, 2018

Tokyo Stock Exchanges in Japan

Company name : NHK SPRING CO., LTD.  
 Code number : 5991  
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Date of the annual general shareholder's meeting : June 27, 2018  
 Payment date of cash dividends : June 28, 2018  
 Filing date of financial statements : June 28, 2018  
 Supplemental materials prepared for financial results : Yes  
 Earnings announcement for financial results : Yes (Intended for securities analysts)

(Amounts less than one million yen are rounded down)

**1. Consolidated Results for Fiscal Year 2018 (April 1, 2017 through March 31, 2018)**

(1) Consolidated Financial Results (Percentage indicates change from 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	%
FY2018	659,730	5.2	35,541	(12.5)	36,421	(12.5)	20,495	(18.3)
FY2017	626,950	(2.1)	40,613	15.9	41,640	15.3	25,098	16.2

Note: Comprehensive income : FY2018 23,202 million yen ( (35.1) %) FY2017 35,727 million yen ( —%)

	Net income per share, Basic	Net income per share, Diluted	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	Yen	Yen	%	%	%
FY2018	86.45	83.23	7.2	6.5	5.4
FY2017	103.70	99.91	9.3	7.9	6.5

Reference: Equity in earnings (losses) of affiliates : FY2018 883 million yen FY2017 (223) million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2018	572,579	307,648	51.1	1,235.12
FY2017	541,741	292,777	51.6	1,179.71

Reference: Shareholders' equity (Net assets excluding non-controlling interests) : FY2018 292,836 million yen FY2017 279,699 million yen

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash provided by investing activities	Net cash provided by financing activities	Cash & cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2018	49,811	(32,955)	(5,960)	95,007
FY2017	55,664	(27,753)	(16,916)	82,493

**2. Dividends**

	Cash dividends per share					Amount of dividends paid (Annual)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2017	—	11.00	—	12.00	23.00	5,516	22.2	2.1
FY2018	—	11.00	—	12.00	23.00	5,453	26.6	1.9
FY2019 (Forecast)	—	12.00	—	—	—	—	—	—

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 previous fiscal year / period)

	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
First half	335,000	5.4	12,200	(26.7)	13,100	(30.0)	9,100	(28.3)	38.38
Full year	690,000	4.6	30,000	(15.6)	32,000	(12.1)	22,000	7.3	92.79

#### 4. Others

- (1) Changes of significant subsidiaries in fiscal year 2018 : Yes  
 (Transfer of subsidiaries resulting in changes in the scope of consolidation)  
 Newly consolidated companies: NHK SPRING MEXICO, S. A. DE C. V.  
 Excluded companies: None

- (2) 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

- (3) Number of outstanding shares (Common Stock)

[1] Number of outstanding shares	As of March 31, 2018	244,066,144 shares	As of March 31, 2017	244,066,144 shares
[2] Number of treasury stock	As of March 31, 2018	6,974,261 shares	As of March 31, 2017	6,973,371 shares
[3] Average number of shares	FY2018	237,092,339 shares	FY2017	242,033,130 shares

#### (Reference) Non-consolidated Financial Results Highlights (April 1, 2017 through March 31, 2018)

- (1) Non-consolidated Financial Results (Percentage indicates change from the previous fiscal year)

	Net Sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2018	293,996	4.4	12,468	(18.7)	20,336	(5.9)	13,815	(22.5)
FY2017	281,620	3.6	15,337	0.1	21,608	5.1	17,832	36.1

	Net income per share, Basic	Net income per share, Diluted
	Yen	Yen
FY2018	58.27	56.10
FY2017	73.68	70.99

- (2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2018	373,702	180,610	48.3	761.78
FY2017	355,177	174,753	49.2	737.07

Reference: Shareholders' equity : FY2018 180,610 million yen FY2017 174,753 million yen

\* This earnings report is out of the scope of Audit by Independent Auditor.

\* 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.

**Consolidated Financial Statements**  
(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2017 (As of 31 March, 2017)	FY2018 (As of 31 March, 2018)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	82,575	95,251
Notes and accounts receivable - trade	140,342	146,781
Merchandise and finished goods	16,402	17,127
Work in process	8,609	8,685
Raw materials and supplies	14,079	16,729
Partly-finished goods	4,945	6,047
Deferred tax assets	5,304	5,666
Other	22,548	24,427
Allowance for doubtful accounts	(56)	(88)
<b>Total current assets</b>	<b>294,751</b>	<b>320,629</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	137,065	143,498
Accumulated depreciation	(88,893)	(92,134)
Buildings and structures, net	48,172	51,364
Machinery, equipment and vehicles	231,875	241,938
Accumulated depreciation	(181,605)	(188,455)
Machinery, equipment and vehicles, net	50,269	53,483
Land	30,699	30,515
Leased assets	1,188	1,248
Accumulated depreciation	(612)	(630)
Leased assets, net	576	617
Construction in progress	5,989	12,071
Other	66,434	68,431
Accumulated depreciation	(58,325)	(60,974)
Other, net	8,109	7,456
<b>Total property, plant and equipment</b>	<b>143,817</b>	<b>155,508</b>
Intangible assets	3,312	3,089
<b>Investments and other assets</b>		
Investment securities	72,086	64,678
Long-term loans receivable	10,383	8,719
Deferred tax assets	5,532	6,272
Net defined benefit asset	2,825	4,619
Other	10,116	9,935
Allowance for doubtful accounts	(1,084)	(873)
<b>Total investments and other assets</b>	<b>99,858</b>	<b>93,351</b>
<b>Total non-current assets</b>	<b>246,989</b>	<b>251,950</b>
<b>Total assets</b>	<b>541,741</b>	<b>572,579</b>

(Unit: Millions of yen)

	FY2017 (As of 31 March, 2017)	FY2018 (As of 31 March, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	76,911	87,507
Electronically recorded obligations - operating	38,992	43,637
Short-term loans payable	13,996	13,320
Income taxes payable	7,245	6,074
Deferred tax liabilities	812	750
Provision for directors' bonuses	278	268
Notes payable - facilities	2,904	3,714
Other	39,384	37,515
<b>Total current liabilities</b>	<b>180,525</b>	<b>192,789</b>
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	11,219	10,624
Long-term loans payable	20,176	25,338
Lease obligations	519	563
Deferred tax liabilities	12,978	12,862
Net defined benefit liability	13,926	15,859
Provision for directors' retirement benefits	579	507
Provision for officers' retirement benefits	746	810
Other	8,293	5,574
<b>Total non-current liabilities</b>	<b>68,438</b>	<b>72,140</b>
<b>Total liabilities</b>	<b>248,963</b>	<b>264,930</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	17,009	17,009
Capital surplus	19,579	19,579
Retained earnings	216,232	229,163
Treasury stock	(7,515)	(7,516)
<b>Total shareholders' equity</b>	<b>245,305</b>	<b>258,235</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,176	27,935
Foreign currency translation adjustment	6,570	7,355
Remeasurements of defined benefit plans	(2,353)	(688)
<b>Total accumulated other comprehensive income</b>	<b>34,394</b>	<b>34,601</b>
<b>Non-controlling interests</b>	<b>13,077</b>	<b>14,811</b>
<b>Total net assets</b>	<b>292,777</b>	<b>307,648</b>
<b>Total liabilities and net assets</b>	<b>541,741</b>	<b>572,579</b>

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
(Consolidated Statements of Income)

(Unit: Millions of yen)

	FY2017 (For the year ended March 31, 2017)	FY2018 (For the year ended March 31, 2018)
Net sales	626,950	659,730
Cost of sales	542,830	578,784
Gross profit	84,119	80,945
Selling, general and administrative expenses	43,505	45,404
Operating income	40,613	35,541
Non-operating income		
Interest income	962	941
Dividend income	1,249	1,578
Share of profit of entities accounted for using equity method	—	883
Real estate rent	623	632
Other	1,192	1,548
Total non-operating income	4,028	5,583
Non-operating expenses		
Interest expenses	184	334
Share of loss of entities accounted for using equity method	223	—
Foreign exchange losses	925	1,945
Other	1,668	2,423
Total non-operating expenses	3,001	4,703
Ordinary income	41,640	36,421
Extraordinary income		
Gain on sales of investment securities	—	2,385
Gain on revision of retirement benefit plan	1,064	—
Total extraordinary income	1,064	2,385
Extraordinary losses		
Impairment loss	1,658	3,929
Loss on valuation of shares of subsidiaries and associates	1,449	831
Loss on valuation of investments in capital of subsidiaries and associates	35	10
Loss on business of subsidiaries and associates	206	—
Loss of plant closure	1,108	—
Loss of antitrust law	576	1,392
Total extraordinary losses	5,035	6,162
Profit before income taxes	37,669	32,644
Income taxes - current	11,646	10,230
Income taxes - deferred	(902)	(198)
Total income taxes	10,744	10,031
Profit	26,925	22,612
Profit attributable to non-controlling interests	1,826	2,117
Profit attributable to owners of parent	25,098	20,495

(Consolidated Statements of Comprehensive Income)

	(Unit: Millions of yen)	
	FY2017 (For the year ended March 31, 2017)	FY2018 (For the year ended March 31, 2018)
Profit	26,925	22,612
Other comprehensive income		
Valuation difference on available-for-sale securities	8,675	(2,231)
Foreign currency translation adjustment	(3,299)	1,359
Remeasurements of defined benefit plans, net of tax	3,456	1,692
Share of other comprehensive income of entities accounted for using equity method	(31)	(230)
Total other comprehensive income	8,802	589
Comprehensive income	35,727	23,202
Comprehensive income attributable to:		
Owners of parent	34,340	20,674
Non-controlling interests	1,386	2,528

(3) Consolidated Statement of Changes in Net Assets  
FY2017 (April 1, 2016 to March 31, 2017)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	17,009	19,404	196,477	(801)	232,090
Changes of items during period					
Dividends of surplus			(5,343)		(5,343)
Profit attributable to owners of parent			25,098		25,098
Change of scope of consolidation			—		—
Purchase of treasury stock				(6,714)	(6,714)
Disposal of treasury stock		0		0	0
Change in treasury shares of parent arising from transactions with non-controlling shareholders		174			174
Net changes of items other than shareholders' equity					
Total changes of items during period	—	174	19,755	(6,714)	13,215
Balance at end of current period	17,009	19,579	216,232	(7,515)	245,305

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	21,513	9,442	(5,803)	25,152	12,594	269,837
Changes of items during period						
Dividends of surplus						(5,343)
Profit attributable to owners of parent						25,098
Change of scope of consolidation						—
Purchase of treasury stock						(6,714)
Disposal of treasury stock						0
Change in treasury shares of parent arising from transactions with non-controlling shareholders						174
Net changes of items other than shareholders' equity	8,663	(2,871)	3,450	9,241	482	9,724
Total changes of items during period	8,663	(2,871)	3,450	9,241	482	22,939
Balance at end of current period	30,176	6,570	(2,353)	34,394	13,077	292,777

FY2018 (April 1, 2017 to March 31, 2018)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	17,009	19,579	216,232	(7,515)	245,305
Changes of items during period					
Dividends of surplus			(5,453)		(5,453)
Profit attributable to owners of parent			20,495		20,495
Change of scope of consolidation			(2,111)		(2,111)
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		0		0	0
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(0)	12,930	(1)	12,929
Balance at end of current period	17,009	19,579	229,163	(7,516)	258,235

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	30,176	6,570	(2,353)	34,394	13,077	292,777
Changes of items during period						
Dividends of surplus						(5,453)
Profit attributable to owners of parent						20,495
Change of scope of consolidation						(2,111)
Purchase of treasury stock						(1)
Disposal of treasury stock						0
Change in treasury shares of parent arising from transactions with non-controlling shareholders						(0)
Net changes of items other than shareholders' equity	(2,241)	784	1,664	207	1,734	1,941
Total changes of items during period	(2,241)	784	1,664	207	1,734	14,871
Balance at end of current period	27,935	7,355	(688)	34,601	14,811	307,648



(4) Consolidated Statements of Cash Flows

	(Unit: Millions of yen)	
	FY2017 (For the year ended March 31, 2017)	FY2018 (For the year ended March 31, 2018)
<b>Cash flows from operating activities</b>		
Profit before income taxes	37,669	32,644
Depreciation	23,137	24,141
Impairment loss	1,658	3,929
Increase or decrease in net defined benefit asset and liability	(717)	(828)
Interest and dividend income	(2,212)	(2,519)
Interest expenses	184	334
Foreign exchange losses (gains)	346	1,314
Share of (profit) loss of entities accounted for using equity method	223	(883)
Loss (gain) on sales and retirement of property, plant and equipment	253	384
Loss (gain) on valuation of investment securities	(31)	(2,385)
Decrease (increase) in notes and accounts receivable - trade	(8,420)	(4,926)
Decrease (increase) in inventories	(1,171)	(4,243)
Increase (decrease) in notes and accounts payable - trade	5,869	14,064
Other, net	4,290	(2,344)
Subtotal	61,079	58,681
Interest and dividend income received	2,903	2,851
Interest expenses paid	(179)	(349)
Income taxes paid	(8,138)	(11,372)
Net cash provided by (used in) operating activities	55,664	49,811
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	219	(152)
Purchase of property, plant and equipment	(24,407)	(31,528)
Proceeds from sales of property, plant and equipment	783	1,562
Purchase of intangible assets	(209)	(556)
Purchase of investment securities	(3,890)	(3,098)
Proceeds from sales of investment securities	610	2,464
Payments of loans receivable	(5,257)	(5,546)
Collection of loans receivable	4,515	4,079
Other, net	(116)	(178)
Net cash provided by (used in) investing activities	(27,753)	(32,955)

Cash flows from financing activities

Proceeds from short-term loans payable	1,096	3,425
Repayments of short-term loans payable	(348)	(768)
Proceeds from long-term loans payable	16,000	15,024
Repayments of long-term loans payable	(8,560)	(13,112)
Proceeds from issuance of commercial papers	51,000	20,000
Redemption of commercial papers	(53,000)	(24,000)
Redemption of bonds	(10,000)	—
Purchase of treasury stock	(6,714)	(1)
Proceeds from sales of treasury stock	0	0
Repayments of lease obligations	(318)	(281)
Cash dividends paid	(5,343)	(5,453)
Dividends paid to non-controlling interests	(718)	(793)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(8)	—
Net cash provided by (used in) financing activities	(16,916)	(5,960)
Effect of exchange rate change on cash and cash equivalents	(739)	216
Net increase (decrease) in cash and cash equivalents	10,255	11,112
Cash and cash equivalents at beginning of period	72,238	82,493
Increase in cash and cash equivalents from newly consolidated subsidiary	—	1,400
Cash and cash equivalents at end of period	82,493	95,007