



Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

11-May-2018

| | |
|--------------------------------------------|-----------------------------------------------------------------|
| Company Name : NID Co., Ltd. | Listing : JASDAQ |
| Security Code : 2349 | URL : http://www.nid.co.jp/ |
| Representative : President Shuntaro Komori | |
| Contact : Managing Director Masaaki Kita | Telephone : 81-8-3-6221-6811 |

(All figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year 2018 (From April 1, 2017 to March 31, 2018)

(1) Consolidated Operating Results (% of change from previous year)

| | Net Sales | | Operating Income | | Ordinary Income | | Profit attributable to owners of parent | |
|--------|-------------|-----|------------------|------|-----------------|------|-----------------------------------------|------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| FY3/18 | 17,913 | 1.3 | 1,826 | Δ0.4 | 2,015 | 2.4 | 1,362 | 4.4 |
| FY3/17 | 17,683 | 3.4 | 1,834 | 18.7 | 1,967 | 14.6 | 1,304 | 36.3 |

Note : Comprehensive income : FY3/18 1,385million yen (1.5%) FY3/17 1,364million yen (56.6%)

| | Net income per share | Diluted net income per share | ROE | ROA | Operating Income Margin |
|--------|----------------------|------------------------------|------|------|-------------------------|
| | Yen | Yen | % | % | % |
| FY3/18 | 359.98 | — | 12.6 | 12.4 | 10.2 |
| FY3/17 | 344.72 | — | 13.5 | 13.3 | 10.4 |

Note : Share of loss of entities accounted for using equity method : FY3/18 - million yen FY3/17 - million yen

(2) Consolidated Financial Position

| | Total Assets | Total Net Assets | Equity Ratio | Net Assets per Share |
|--------|--------------|------------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| FY3/18 | 16,867 | 11,419 | 67.7 | 3,016.72 |
| FY3/17 | 15,569 | 10,253 | 65.9 | 2,708.77 |

Note : Equity : FY3/18 11,419million yen FY3/17 10,253million yen

(3) Consolidated Cash Flows

| | Cash Flows from operating activities | Cash Flows from investment activities | Cash Flows from financing activities | Cash and cash equivalents at end of year |
|--------|--------------------------------------|---------------------------------------|--------------------------------------|------------------------------------------|
| | Million yen | Million yen | Million yen | Million yen |
| FY3/18 | 1,862 | Δ836 | Δ227 | 7,940 |
| FY3/17 | 1,184 | Δ318 | Δ197 | 7,142 |

2. Dividend Information

| Registry Date | Dividends Per Share | | | | | Total amount of cash dividends for the year | Dividends payout ratio (Consolidated) | Net Assets to Dividend Ratio (Consolidated) |
|--------------------|---------------------|----------------|---------------|----------|-----------|---------------------------------------------|---------------------------------------|---------------------------------------------|
| | First quarter | Second quarter | Third quarter | Year End | Full Year | | | |
| FY3/17 | — | — | — | 58.00 | 58.00 | 219 | 16.8 | 2.3 |
| FY3/18 | — | — | — | 58.00 | 58.00 | 219 | 16.1 | 2.0 |
| FY3/19 (Forecasts) | — | — | — | 60.00 | 60.00 | | 18.3 | |

Note :Dividend for the fiscal year 2017 : Ordinary dividend : 53.00 yen Commemorative dividend : 5.00 yen

3. Consolidated Financial Forecasts for the Fiscal Year 2019(From April 1, 2018 to March 31, 2019)

(% of change from the same term of the previous year)

| | Net Sales | | Operating Income | | Ordinary Income | | Profit attributable to owners of parent | | Net income per share |
|-----------|-------------|-----|------------------|-------|-----------------|-------|-----------------------------------------|-------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| 2Q FY3/19 | 8,900 | 3.2 | 670 | △13.3 | 720 | △15.8 | 500 | △13.2 | 132.09 |
| Full Year | 18,900 | 5.5 | 1,700 | △6.9 | 1,800 | △10.7 | 1,240 | △9.0 | 327.58 |

*** Notes:**

(1) Changes in the scope of our consolidation, including changes in our subsidiaries : None

Consolidated subsidiaries : 0 added, 0 removed

(2) Changes in accounting methodology, procedures, and the way our figures are displayed in the creation of our Quarter consolidated financial statements.

① Changes arising from revisions in accounting standards :None

② Changes arising from other reasons : None

③ Changes in estimation related to financial statements : None

④ Re-statement of revisions : None

(3) Shares issued (Common stock)

| | | | | |
|---------------------------------------------------------|--------|-----------|--------|-----------|
| Shares issued as of term end (including treasury stock) | FY3/18 | 4,369,830 | FY3/17 | 4,369,830 |
| Treasury stock as of term end | FY3/18 | 584,537 | FY3/17 | 584,461 |
| Average shares issued during term | FY3/18 | 3,785,340 | FY3/17 | 3,785,399 |

* The consolidated financial results are not subject to auditing by a certified public accountant or an audit firm.

*Regarding the appropriate use of our earnings projections and other notes.

All projections provided in this document are based on the most accurate information available at the time of this writing.

However our actual results may differ from our projections due to various unforeseen reasons.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

| | FY3/17 | FY3/18 |
|---------------------------------------|------------|------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,996,807 | 8,002,220 |
| Notes and accounts receivable - trade | 3,526,942 | 3,264,291 |
| Securities | 207,298 | 200,000 |
| Work in process | 166,296 | 106,438 |
| Deferred tax assets | 348,107 | 347,691 |
| Other | 139,305 | 98,436 |
| Total current assets | 11,384,757 | 12,019,076 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 267,217 | 298,238 |
| Accumulated depreciation | △115,251 | △131,860 |
| Buildings and structures, net | 151,965 | 166,378 |
| Vehicles | 44,797 | 45,085 |
| Accumulated depreciation | △27,315 | △32,411 |
| Vehicles, net | 17,481 | 12,673 |
| Tools, furniture and fixtures | 228,492 | 250,508 |
| Accumulated depreciation | △170,145 | △178,227 |
| Tools, furniture and fixtures, net | 58,347 | 72,280 |
| Land | 20,179 | 20,179 |
| Leased assets | 47,344 | 50,095 |
| Accumulated depreciation | △20,188 | △25,674 |
| Leased assets, net | 27,155 | 24,421 |
| Total property, plant and equipment | 275,130 | 295,933 |
| Intangible assets | | |
| Software | 100,768 | 82,535 |
| Other | 19,024 | 25,279 |
| Total intangible assets | 119,793 | 107,814 |
| Investments and other assets | | |
| Investment securities | 2,765,807 | 3,396,182 |
| Deferred tax assets | 599,101 | 616,665 |
| Guarantee deposits | 314,893 | 306,197 |
| Other | 109,668 | 125,469 |
| Total investments and other assets | 3,789,470 | 4,444,514 |
| Total non-current assets | 4,184,394 | 4,848,263 |
| Total assets | 15,569,152 | 16,867,339 |

(Thousand yen)

| | FY3/17 | FY3/18 |
|-------------------------------------------------------|-------------------|-------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 441,984 | 446,529 |
| Accounts payable - other | 299,094 | 344,550 |
| Income taxes payable | 409,367 | 374,689 |
| Accrued consumption taxes | 193,428 | 162,409 |
| Deposits received | 66,711 | 131,634 |
| Provision for bonuses | 882,485 | 892,144 |
| Asset retirement obligations | 2,673 | — |
| Other | 135,410 | 138,993 |
| Total current liabilities | 2,431,155 | 2,490,950 |
| Non-current liabilities | | |
| Net defined benefit liability | 2,252,030 | 2,300,010 |
| Provision for directors' retirement benefits | 570,075 | 596,900 |
| Asset retirement obligations | 39,783 | 40,537 |
| Other | 22,430 | 19,791 |
| Total non-current liabilities | 2,884,319 | 2,957,239 |
| Total liabilities | 5,315,474 | 5,448,190 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 653,352 | 653,352 |
| Capital surplus | 488,675 | 488,675 |
| Retained earnings | 9,913,319 | 11,056,396 |
| Treasury shares | △1,226,945 | △1,227,211 |
| Total shareholders' equity | 9,828,401 | 10,971,212 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 414,776 | 437,721 |
| Remeasurements of defined benefit plans | 10,500 | 10,215 |
| Total accumulated other comprehensive income | 425,276 | 447,936 |
| Total net assets | 10,253,678 | 11,419,149 |
| Total liabilities and net assets | 15,569,152 | 16,867,339 |

(2) Consolidated Statements of Income

(Thousand yen)

| | FY3/17 | FY3/18 |
|-------------------------------------------------------|------------|------------|
| Net sales | 17,683,440 | 17,913,405 |
| Cost of sales | 13,968,075 | 14,103,048 |
| Gross profit | 3,715,364 | 3,810,357 |
| Selling, general and administrative expenses | 1,881,209 | 1,983,683 |
| Operating profit | 1,834,154 | 1,826,673 |
| Non-operating income | | |
| Interest income | 2,540 | 2,556 |
| Dividend income | 89,642 | 118,318 |
| Gain on investments in partnership | 9,086 | 15,539 |
| Gain on sales of investment securities | — | 12,320 |
| Insurance income | 7,290 | 7,421 |
| Subsidy income | 14,013 | 19,865 |
| Other | 21,266 | 18,982 |
| Total non-operating income | 143,838 | 195,003 |
| Non-operating expenses | | |
| Interest expenses | 1,772 | 1,724 |
| investment partnership management fee | 1,592 | 3,041 |
| Loss on sales of investment securities | 4,000 | — |
| Taxes and dues | 2,766 | 1,067 |
| Other | 11 | 599 |
| Total non-operating expenses | 10,142 | 6,432 |
| Ordinary profit | 1,967,850 | 2,015,244 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 1,178 | — |
| Gain on sales of investment securities | — | 433 |
| Total extraordinary income | 1,178 | 433 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | — | 178 |
| Loss on retirement of non-current assets | 801 | 1,053 |
| Loss on valuation of investment securities | 7,196 | — |
| Settlement package | 16,100 | 2,264 |
| Loss on litigation | 5,388 | — |
| Total extraordinary losses | 29,485 | 3,496 |
| Profit before income taxes | 1,939,543 | 2,012,181 |
| Income taxes - current | 665,883 | 677,492 |
| Income taxes - deferred | △31,255 | △27,939 |
| Total income taxes | 634,627 | 649,553 |
| Profit | 1,304,915 | 1,362,627 |
| Profit attributable to | | |
| Profit attributable to owners of parent | 1,304,915 | 1,362,627 |
| Profit attributable to non-controlling interests | — | — |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 61,943 | 22,945 |
| Remeasurements of defined benefit plans, net of tax | △1,925 | △284 |
| Total other comprehensive income | 60,018 | 22,660 |
| Comprehensive income | 1,364,933 | 1,385,288 |
| Comprehensive income attributable to | | |

| | | |
|----------------------------------------------------------------|-----------|-----------|
| Comprehensive income attributable to owners of parent | 1,364,933 | 1,385,288 |
| Comprehensive income attributable to non-controlling interests | — | — |

(3) Consolidated Statements of Changes in Shareholders' Equity

Consolidated Financial Results for the Fiscal Year 2017 (From April 1, 2016 to March 31, 2017)

(Thousand yen)

| | Shareholders' equity | | | | |
|------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 653,352 | 488,675 | 8,761,870 | Δ1,226,780 | 8,677,116 |
| Cumulative effects of changes in accounting policies | | | 35,804 | | 35,804 |
| Restated balance | 653,352 | 488,675 | 8,797,675 | Δ1,226,780 | 8,712,921 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | Δ189,270 | | Δ189,270 |
| Profit attributable to owners of parent | | | 1,304,915 | | 1,304,915 |
| Purchase of treasury shares | | | | Δ164 | Δ164 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | — | — | 1,115,644 | Δ164 | 1,115,480 |
| Balance at end of current period | 653,352 | 488,675 | 9,913,319 | Δ1,226,945 | 9,828,401 |

| | Accumulated other comprehensive income | | | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|----------------------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at beginning of current period | 352,832 | 12,425 | 365,258 | 9,042,375 |
| Cumulative effects of changes in accounting policies | | | | 35,804 |
| Restated balance | 352,832 | 12,425 | 365,258 | 9,078,179 |
| Changes of items during period | | | | |
| Dividends of surplus | | | | Δ189,270 |
| Profit attributable to owners of parent | | | | 1,304,915 |

| | | | | |
|------------------------------------------------------|---------|--------|---------|------------|
| Purchase of treasury shares | | | | Δ164 |
| Net changes of items other than shareholders' equity | 61,943 | Δ1,925 | 60,018 | 60,018 |
| Total changes of items during period | 61,943 | Δ1,925 | 60,018 | 1,175,498 |
| Balance at end of current period | 414,776 | 10,500 | 425,276 | 10,253,678 |

Consolidated Financial Results for the Fiscal Year 2018 (From April 1, 2017 to March 31, 2018)

(Thousands of yen)

| | Shareholders' equity | | | | |
|------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 653,352 | 488,675 | 9,913,319 | Δ1,226,945 | 9,828,401 |
| Cumulative effects of changes in accounting policies | | | | | |
| Restated balance | 653,352 | 488,675 | 9,913,319 | Δ1,226,945 | 9,828,401 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | Δ219,551 | | Δ219,551 |
| Profit attributable to owners of parent | | | 1,362,627 | | 1,362,627 |
| Purchase of treasury shares | | | | Δ266 | Δ266 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | — | — | 1,143,076 | Δ266 | 1,142,810 |
| Balance at end of current period | 653,352 | 488,675 | 11,056,396 | Δ1,227,211 | 10,971,212 |

| | Accumulated other comprehensive income | | | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|----------------------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at beginning of current period | 414,776 | 10,500 | 425,276 | 10,253,678 |
| Cumulative effects of changes in accounting policies | | | | |
| Restated balance | 414,776 | 10,500 | 425,276 | 10,253,678 |
| Changes of items during period | | | | |
| Dividends of surplus | | | | Δ219,551 |
| Profit attributable to owners of parent | | | | 1,362,627 |
| Purchase of treasury shares | | | | Δ266 |
| Net changes of items other than | 22,945 | Δ284 | 22,660 | 22,660 |

| | | | | |
|--------------------------------------|---------|--------|---------|------------|
| shareholders' equity | | | | |
| Total changes of items during period | 22,945 | Δ284 | 22,660 | 1,165,470 |
| Balance at end of current period | 437,721 | 10,215 | 447,936 | 11,419,149 |

(4) Consolidated Statements of Cash Flows

(Thousand yen)

| | FY3/17 | FY3/18 |
|---------------------------------------------------------------------|-----------|-----------|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,939,543 | 2,012,181 |
| Depreciation | 93,611 | 87,631 |
| Increase (decrease) in net defined benefit liability | 85,990 | 47,914 |
| Increase (decrease) in provision for directors' retirement benefits | 29,025 | 26,825 |
| Increase (decrease) in provision for bonuses | 13,842 | 9,659 |
| Interest and dividend income | △92,182 | △120,875 |
| Interest expenses | 1,772 | 1,724 |
| Loss (gain) on sales of investment securities | 4,000 | △12,753 |
| Loss (gain) on valuation of investment securities | 7,196 | — |
| Loss (gain) on sales of property, plant and equipment | △1,178 | 178 |
| Loss on retirement of property, plant and equipment | 79 | 1,053 |
| Loss on retirement of intangible assets | 794 | — |
| Loss (gain) on investments in partnership | △7,838 | △6,600 |
| Decrease (increase) in notes and accounts receivable - trade | △594,949 | 262,651 |
| Decrease (increase) in inventories | 113,858 | 60,114 |
| Decrease (increase) in other current assets | 82,491 | 7,482 |
| Decrease (increase) in other non-current assets | 6 | △810 |
| Increase (decrease) in notes and accounts payable - trade | 16,619 | 4,545 |
| Increase (decrease) in accounts payable - other | △13,866 | 44,906 |
| Increase (decrease) in accrued consumption taxes | 18,088 | △31,018 |
| Increase (decrease) in other current liabilities | 38,251 | 55,023 |
| Other, net | △7,488 | △8,192 |
| Subtotal | 1,727,666 | 2,441,642 |
| Interest and dividend income received | 94,922 | 120,757 |
| Interest expenses paid | △1,772 | △1,724 |
| Income taxes paid | △636,566 | △698,354 |
| Net cash provided by (used in) operating activities | 1,184,250 | 1,862,321 |
| Cash flows from investing activities | | |
| Payments into time deposits | △3 | △1 |
| Purchase of securities | — | △200,000 |
| Purchase of investment securities | △600,773 | △657,941 |
| Proceeds from sales and redemption of investment securities | 406,000 | 100,292 |
| Purchase of property, plant and equipment | △51,368 | △72,458 |
| Proceeds from sales of property, plant and equipment | 3,371 | 18 |
| Purchase of intangible assets | △44,397 | △19,138 |
| Proceeds from distribution of investment in partnerships | 21,833 | 19,013 |
| Payments for guarantee deposits | △47,065 | △2,227 |
| Proceeds from collection of guarantee deposits | 389 | 10,924 |
| Purchase of insurance funds | △6,146 | △8,149 |
| Proceeds from maturity of insurance funds | — | 2,003 |
| Other, net | — | △9,005 |
| Net cash provided by (used in) investing activities | △318,159 | △836,670 |

(Thousand yen)

| | FY3/17 | FY3/18 |
|------------------------------------------------------|-----------|-----------|
| Cash flows from financing activities | | |
| Increase in short-term loans payable | 780,000 | 850,000 |
| Decrease in short-term loans payable | △780,000 | △850,000 |
| Cash dividends paid | △188,823 | △219,394 |
| Purchase of treasury shares | △164 | △266 |
| Other, net | △8,988 | △7,996 |
| Net cash provided by (used in) financing activities | △197,976 | △227,657 |
| Net increase (decrease) in cash and cash equivalents | 668,114 | 797,993 |
| Cash and cash equivalents at beginning of period | 6,474,172 | 7,142,287 |
| Cash and cash equivalents at end of period | 7,142,287 | 7,940,280 |