

# Consolidated Financial Statements

## Consolidated Balance Sheets

As of March 31, 2018 and 2017

(Amount: millions of yen)

ASSETS	2017	2018
<b>Current assets</b>		
Cash and deposits	93,125	104,894
Notes and accounts receivable	171,190	167,115
Marketable securities	1,840	1,499
Finished goods	33,394	39,417
Work in process	32,961	41,434
Raw materials	36,166	51,603
Supplies	7,566	5,834
Goods in transit	10,351	11,834
Deferred tax assets	5,846	7,915
Other	13,783	12,855
Allowance for doubtful receivables	(654)	(696)
Total current assets	405,574	443,709
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures	157,284	162,938
Machinery and transportation equipment	326,758	352,655
Tools, furniture and fixtures	55,670	62,702
Land	34,296	34,933
Leased assets	261	392
Construction in progress	7,314	19,403
Accumulated depreciation	(382,003)	(409,872)
Total tangible fixed assets	199,584	223,152
<b>Intangible assets</b>		
Goodwill	4,714	7,248
Other	8,689	9,877
Total intangible assets	13,403	17,125
<b>Investments and other assets</b>		
Investment securities	8,970	8,648
Long-term loans receivable	300	262
Deferred tax assets	9,249	8,823
Other	6,340	6,251
Allowance for doubtful receivables	(421)	(409)
Total investments and other assets	24,438	23,576
Total fixed assets	237,426	263,854
<b>Deferred asset</b>	311	279
<b>Total assets</b>	643,312	707,844

(Amount: millions of yen)

LIABILITIES	2017	2018
<b>Current liabilities</b>		
Notes and accounts payable	86,570	98,342
Short-term debt	49,660	60,433
Current portion of long-term debt	17,916	20,304
Lease obligations	69	88
Asset retirement obligations	2	—
Accrued income taxes	4,621	6,695
Accrued bonuses	7,879	10,874
Accrued bonuses for directors	180	729
Provision for after-care of products	34	93
Provision for environmental remediation expenses	407	150
Provision for business restructuring losses	80	146
Other	32,706	38,345
Total current liabilities	200,128	236,205
<b>Long-term liabilities</b>		
Bonds	15,000	15,000
Convertible bond-type bonds with subscription rights to shares	20,501	20,406
Long-term debt	60,933	41,271
Lease obligations	84	144
Asset retirement obligations	52	17
Provision for retirement benefits for executive officers	175	189
Provision for environmental remediation expenses	364	413
Net defined benefit liability	15,683	15,583
Other	4,169	5,359
Total long-term liabilities	116,965	98,385
<b>Total liabilities</b>	317,093	334,591
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Common stock	68,258	68,258
Capital surplus	144,218	142,605
Retained earnings	159,910	210,883
Treasury stock	(1,345)	(9,496)
Total shareholders' equity	371,043	412,251
<b>Accumulated other comprehensive income</b>		
Difference on revaluation of available-for-sale securities	1,233	1,363
Deferred gains or losses on hedges	1,031	149
Foreign currency translation adjustments	(50,290)	(46,039)
Remeasurements of defined benefit plans	(1,653)	(1,776)
Total accumulated other comprehensive income	(49,678)	(46,302)
<b>Subscription rights to shares</b>	30	18
<b>Non-controlling interests</b>	4,823	7,286
<b>Total net assets</b>	326,218	373,253
<b>Total liabilities and net assets</b>	643,312	707,844

# Consolidated Financial Statements

## Consolidated Statements of Income

Fiscal years ended March 31, 2018 and 2017

(Amount: millions of yen)

	2017	2018
<b>Net sales</b>	638,926	879,139
<b>Cost of sales</b>	513,077	701,456
<b>Gross profit</b>	125,849	177,683
Selling, general and administrative expenses	76,833	98,521
<b>Operating income</b>	49,015	79,162
<b>Other income</b>		
Interest income	492	967
Dividends income	172	199
Rent income of fixed assets	294	417
Dividends from insurance	199	219
Other	704	1,038
Total other income	1,864	2,843
<b>Other expenses</b>		
Interest expenses	878	682
Foreign exchange losses	140	1,929
Share of loss of entities accounted for using equity method	50	—
Other	1,416	1,354
Total other expenses	2,486	3,967
<b>Ordinary income</b>	48,393	78,038
<b>Extraordinary gain</b>		
Gain on sales of fixed assets	211	147
Gain on sales of investment securities	—	15
Gain on sales of affiliates	275	—
Gain on bargain purchase	14,619	—
Gain on extinguishment of tie-in shares	—	54
Gain on reversal of subscription rights to shares	42	—
Reversal of provision for environmental remediation expenses	—	26
Total extraordinary gain	15,149	244
<b>Extraordinary loss</b>		
Loss on sales of fixed assets	167	12
Loss on disposal of fixed assets	1,926	1,268
Impairment loss	3,921	5,474
Amortization of goodwill	—	31
Loss on liquidation of affiliates	1,270	—
Loss on sales of affiliates	2	—
Business restructuring losses	9	142
Loss for after-care of products	12	—
Settlement loss	1,096	123
Provision for environmental remediation expenses	467	—
Loss on bonds redemption	6,196	—
Total extraordinary loss	15,069	7,052
<b>Income before income taxes</b>	48,473	71,230
Current income taxes (including enterprise tax)	8,421	13,463
Income taxes for prior periods	1,350	—
Deferred income taxes	(2,798)	(2,032)
Total income taxes	6,972	11,430
<b>Net income</b>	41,500	59,799
Income attributable to non-controlling interests	354	417
<b>Income attributable to owners of the parent</b>	41,146	59,382

## Consolidated Statements of Cash Flows

Fiscal years ended March 31, 2018 and 2017

(Amount: millions of yen)

	2017	2018
<b>Cash flows from operating activities:</b>		
Income before income taxes	48,473	71,230
Depreciation and amortization	28,164	31,596
Impairment loss	3,921	5,474
Amortization of goodwill	1,099	1,245
Settlement loss	1,096	123
Loss on bonds redemption	6,196	—
Gain on bargain purchase	(14,619)	—
Interest and dividends income	(665)	(1,167)
Interest expenses	878	682
Loss (gain) on sales of fixed assets	1,881	1,132
Decrease (increase) in notes and accounts receivable	(15,179)	5,806
Decrease (increase) in inventories	25,847	(23,887)
Increase (decrease) in notes and accounts payable	6,478	10,152
Increase (decrease) in net defined benefit liability	(721)	(486)
Other	2,277	6,174
Sub-total	95,131	108,076
Interest and dividends received	699	1,136
Interest paid	(921)	(820)
Income taxes paid	(12,487)	(12,952)
Proceeds from income taxes refund	703	1,165
Net cash provided by operating activities	83,125	96,606
<b>Cash flows from investing activities:</b>		
Increase (decrease) following deposits in time deposits	(3,346)	(1,523)
Increase (decrease) following the purchase of marketable securities	(14,379)	26
Purchase of tangible fixed assets	(29,216)	(50,775)
Proceeds from sales of tangible fixed assets	2,420	1,339
Purchase of intangible assets	(2,063)	(966)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,032)	(7,717)
Proceeds from sales of affiliates	1,249	—
Other	(431)	163
Net cash used in investing activities	(46,800)	(59,453)
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term debt	(39,470)	10,253
Proceeds from long-term debt	39,005	1,000
Repayment of long-term debt	(13,481)	(18,560)
Proceeds from issuance of bonds	14,680	—
Redemption of bonds	(10,000)	—
Purchase of treasury stock	(14)	(8,377)
Proceeds from disposal of treasury stock	937	1,341
Cash dividends paid	(6,368)	(8,410)
Dividends paid to non-controlling interests	(62)	(32)
Purchase of investments in subsidiaries that do not result in change in scope of consolidation	(2,486)	(4,111)
Other	(78)	(128)
Net cash used in financing activities	(17,339)	(27,026)
Effect of exchange rate changes on cash and cash equivalents	(1,765)	(533)
Net increase in cash and cash equivalents	17,218	9,592
<b>Cash and cash equivalents at beginning of year</b>	29,141	78,832
Increase in cash and cash equivalents from newly consolidated subsidiary	32,472	—
Increase in cash and cash equivalents resulting from consolidation of unconsolidated subsidiaries	—	186
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	92
<b>Cash and cash equivalents at end of year</b>	78,832	88,704