



**Consolidated Financial Results**  
**for the Fiscal Year Ended December 31, 2019**  
**[IFRS]**

March 25, 2020

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 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 7915  
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(Amounts of less than one million yen are rounded down)

**1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2019 (January 1, 2019 to December 31, 2019)**

**(1) Consolidated Operating Results**

(% indicates changes from the previous corresponding period)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2019	174,035	(14.8)	(16,247)	—	(16,628)	—	(17,219)	—	(17,179)	—	(14,960)	—
Fiscal year ended December 31, 2018	204,210	—	6,954	—	6,367	—	4,254	—	4,523	—	(1,058)	—

	Basic earnings per share	Diluted earnings per share	Ratio of return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2019	(344.19)	(344.19)	(20.6)	(8.3)	(9.3)
Fiscal year ended December 31, 2018	89.79	87.55	4.8	2.8	3.4

(Reference) Share of profit (loss) of investments accounted for using equity method:

Fiscal year ended December 31, 2019: ¥—million

Fiscal year ended December 31, 2018: ¥(213) million

**(2) Consolidated Financial Position**

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity per share attributable to owners of parent
	Million yen	Million yen	Million yen	%	Yen
As of December 31, 2019	186,205	75,007	75,010	40.3	1,502.82
As of December 31, 2018	214,895	91,546	91,564	42.6	1,834.50

### (3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2019	1,636	(4,948)	3,680	17,499
Fiscal year ended December 31, 2018	5,737	(14,225)	(3,909)	16,757

### 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended December 31, 2018	—	15.00	—	15.00	30.00	1,506	33.4	1.6
Fiscal year ended December 31, 2019	—	15.00	—	20.00	35.00	1,756	—	2.1
Fiscal year ending December 31, 2020 (Forecast)	—	—	—	—	—		—	

(Note)

1. The year-end dividend for the fiscal year ended December 31, 2019 includes a commemorative dividend of ¥5 in recognition of the 90th anniversary of the Company's foundation.
2. Dividends for the fiscal year ending December 31, 2020 have not been determined.

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2020 (January 1, 2020 to December 31, 2020)

(% indicates changes from the previous corresponding period)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	75,000	—	(6,000)	—	(6,300)	—	(6,900)	—	(138.24)
Full year	166,000	(4.6)	(2,000)	—	(2,700)	—	(3,500)	—	(70.12)

\*This report on consolidated financial results is exempted from auditing by certified public accountant or auditing corporation.

\* Explanation of the proper use of financial results forecast and other notes

1. This report on consolidated financial results is exempted from audit procedures pursuant to the Financial Instruments and Exchange Act. The Company submitted the annual securities report on March 25, 2020, and accordingly the audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act have been completed.
2. The Company has voluntarily applied the International Financial Reporting Standards (IFRS) for the consolidated financial statements in the annual securities report for the fiscal year ended December 31, 2019 onward. The Company released the consolidated financial results for the fiscal year ended December 31, 2019 under Japanese GAAP on February 14, 2020.
3. The performance forecasts and other forward-looking statements contained in this report are based on information available to the Company on the date of this report's release and certain premises that the Company deems to be reasonable. Therefore, the Company has not prepared these descriptions with intent to commit to realize them. Actual results, etc. may differ from the forecasts, however, as a consequence of various factors in the future.

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# 1. Consolidated Financial Statements and Principal Notes

## (1) Consolidated statements of financial position

(Million yen)

	As of January 1, 2018 (Date of transition to IFRS)	As of December 31, 2018	As of December 31, 2019
<b>Assets</b>			
Current assets			
Cash and cash equivalents	29,291	16,637	17,499
Trade and other receivables	44,670	38,974	34,177
Inventories	27,588	30,287	21,415
Other financial assets	3,318	4,071	564
Other current assets	5,296	5,390	4,713
Subtotal	110,165	95,361	78,371
Assets held for sale	—	293	4
Total current assets	110,165	95,654	78,375
Non-current assets			
Property, plant and equipment	58,462	58,967	45,050
Goodwill	19,569	19,871	19,589
Intangible assets	14,459	14,558	13,343
Right-of-use assets	7,901	9,455	8,041
Investments accounted for using equity method	218	0	0
Other financial assets	20,694	15,369	20,413
Retirement benefit asset	111	221	265
Deferred tax assets	658	571	879
Other non-current assets	199	226	247
Total non-current assets	122,275	119,241	107,830
Total assets	232,440	214,895	186,205

(Million yen)

	As of January 1, 2018 (Date of transition to IFRS)	As of December 31, 2018	As of December 31, 2019
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	72,806	62,158	44,538
Borrowings	12,025	12,574	22,167
Other financial liabilities	1,308	1,441	1,073
Lease liabilities	1,567	1,614	1,562
Income taxes payable, etc	1,566	926	447
Provisions	25	300	53
Other current liabilities	7,978	5,272	4,237
Subtotal	97,278	84,288	74,080
Liabilities directly associated with assets held for sale	—	112	—
Total current liabilities	97,278	84,401	74,080
<b>Non-current liabilities</b>			
Bonds and borrowings	16,383	16,319	14,244
Other financial liabilities	1,616	1,695	442
Lease liabilities	6,420	7,990	7,926
Retirement benefit liability	4,775	4,543	4,913
Provisions	164	162	47
Deferred tax liabilities	9,834	7,941	9,212
Other non-current liabilities	293	293	331
Total non-current liabilities	39,488	38,947	37,118
Total liabilities	136,766	123,348	111,198
<b>Equity</b>			
Share capital	12,069	12,119	12,119
Capital surplus	15,027	15,071	14,931
Retained earnings	57,940	60,931	42,363
Treasury shares	(239)	(1,900)	(1,899)
Other components of equity	10,638	5,341	7,494
Total equity attributable to owners of parent	95,435	91,564	75,010
Non-controlling interests	237	(17)	(3)
Total equity	95,673	91,546	75,007
Total liabilities and equity	232,440	214,895	186,205

## (2) Consolidated statements of profit or loss and comprehensive income

### Consolidated statements of profit or loss

(Million yen)

	Fiscal Year ended December 31, 2018	Fiscal Year ended December 31, 2019
Revenue	204,210	174,035
Cost of sales	(166,337)	(149,898)
Gross profit	37,872	24,137
Selling, general and administrative expenses	(29,152)	(27,668)
Other income	1,404	6,200
Other expenses	(2,956)	(18,917)
Share of profit (loss) of investments accounted for using equity method	(213)	—
Operating profit (loss)	6,954	(16,247)
Finance income	663	1,056
Finance costs	(1,249)	(1,437)
Profit (loss) before tax	6,367	(16,628)
Income tax expense	(2,113)	(590)
Profit (loss)	4,254	(17,219)
Profit (loss) attributable to:		
Owners of parent	4,523	(17,179)
Non-controlling interests	(269)	(39)
Profit (loss)	4,254	(17,219)
Earnings (loss) per share attributable to owners of parent		
Basic earnings (loss) per share (Yen)	89.79	(344.19)
Diluted earnings (loss) per share (Yen)	87.55	(344.19)

Consolidated statements of comprehensive income

(Million yen)

	Fiscal Year ended December 31, 2018	Fiscal Year ended December 31, 2019
Profit (loss)	4,254	(17,219)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets measured through other comprehensive income	(3,689)	3,170
Remeasurements of defined benefit plans	(2)	(72)
Total of items that will not be reclassified to profit or loss	(3,691)	3,098
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,615)	(839)
Share of other comprehensive income of investments accounted for using equity method	(5)	—
Total of items that may be reclassified to profit or loss	(1,620)	(839)
Total other comprehensive income	(5,312)	2,258
Total comprehensive income	(1,058)	(14,960)
Comprehensive income attributable to:		
Owners of parent	(788)	(14,923)
Non-controlling interests	(269)	(37)
Total comprehensive income	(1,058)	(14,960)

**(3) Consolidated statements of cash flows**

(Million yen)

	Fiscal Year ended December 31, 2018	Fiscal Year ended December 31, 2019
<b>Cash flows from operating activities</b>		
Profit (loss) before tax	6,367	(16,628)
Depreciation and amortization	10,325	10,067
Impairment losses	246	15,917
Loss (gain) on sale and retirement of non-current assets	538	(4,267)
Gain on sale of shares of subsidiaries and associates	(317)	(878)
Business restructuring expenses	607	47
Loss on disaster	478	—
Share of loss (profit) of investments accounted for using equity method	213	—
Finance income	(663)	(1,056)
Finance costs	1,249	1,437
Decrease (increase) in trade and other receivables	6,594	4,976
Decrease (increase) in inventories	(3,202)	8,604
Increase (decrease) in trade and other payables	(8,790)	(16,362)
Increase (decrease) in provisions	263	(369)
Increase (decrease) in retirement benefit asset or liability	(327)	201
Other	(4,792)	3,784
Subtotal	8,791	5,475
Interest received	73	47
Dividends received	285	369
Payments for loss on liquidation of business	—	(1,402)
Interest paid	(942)	(1,094)
Income taxes paid	(2,597)	(1,954)
Income taxes refund	127	195
Net cash provided by (used in) operating activities	5,737	1,636
<b>Cash flows from investing activities</b>		
Proceeds from withdrawal of time deposits	477	—
Purchase of property, plant and equipment	(11,697)	(7,226)
Payments for retirement of property, plant and equipment	(238)	(489)
Proceeds from sale of property, plant and equipment	7	6,068
Purchase of intangible assets	(731)	(730)
Purchase of investment securities	(26)	(996)
Proceeds from sale of investment securities	7	422
Payments for acquisition of subsidiaries or other businesses	(2,216)	(2,434)
Proceeds from sale of subsidiaries	—	698
Payments for sale of subsidiaries	—	(81)
Proceeds from sale of shares of subsidiaries and associates	317	—
Other	(125)	(180)
Net cash provided by (used in) investing activities	(14,225)	(4,948)



(Million yen)

	Fiscal Year ended December 31, 2018	Fiscal Year ended December 31, 2019
Cash flows from financing activities		
Proceeds from short-term borrowings	21,858	20,484
Repayments of short-term borrowings	(21,630)	(10,495)
Repayments of lease liabilities	(1,741)	(1,766)
Proceeds from long-term borrowings	3,433	1,313
Repayments of long-term borrowings	(2,570)	(3,403)
Payments for acquisition of non-controlling interests	—	(950)
Purchase of treasury shares	(1,732)	(0)
Proceeds from sale of treasury shares	3	0
Dividends paid to owners of parent	(1,519)	(1,499)
Other	(11)	(1)
Net cash provided by (used in) financing activities	(3,909)	3,680
Effect of exchange rate changes on cash and cash equivalents	(136)	373
Net increase (decrease) in cash and cash equivalents	(12,533)	742
Cash and cash equivalents at beginning of period	29,291	16,757
Cash and cash equivalents at end of period	16,757	17,499

#### (4) Notes to consolidated financial statements

(Segment information)

##### 1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the board of directors is being performed in order to decide the allocation of management resources and to review business results.

The Group sets up divisions by product or service. Each division draws up a plan for comprehensive strategies in Japan and overseas for the products and services it handles, and thereupon develops its business activities.

Accordingly, the Group consists of segments by product and service based on divisions, and the reportable segments are the Industrial Materials segment, Devices segment, Medical Technologies segment, and Information and Communication segment.

The Industrial Materials segment manufactures and sells decorative films, molds, molded plastic products, and metallized papers. The Devices segment manufactures and sells film-based Touch Sensors and gas sensors and others. The Medical Technologies segment manufactures and sells consumable medical products such as medical electrodes, medical chart paper and others and also provides contract manufacturing services for major medical device manufacturers. The Information and Communication segment manufactures and sells products in the fields of publication printing and art solution, and provides services related to commercial printing and sales promotion.

##### 2. Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment

The accounting methods for the reportable segments are generally the same as those used in preparing the consolidated financial statements. Segment profit is based on operating profit, and inter-segment revenue is based on current market prices.

##### 3. Information about sales, profit (loss), assets, and other items by reportable segment

Date of transition to IFRS (As of January 1, 2018)

(Million yen)

	Reportable segment					Other (Note 1)	Total	Reconcili- ations (Note 2)	Consolidated
	Industrial Materials	Devices	Medical Technologi es	Informatio n and Communi- cation	Sub-total				
Segment assets	54,035	73,885	29,953	4,729	162,603	812	163,416	69,024	232,440
Other									
Investments accounted for using equity method	—	218	—	—	218	—	218	—	218

(Notes) 1. The "Other" category consists of a business segment not included in the reportable segments and includes the landscaping business, etc.

2. The positive ¥69,024 million of reconciliations in segment assets consists of the positive ¥69,308 million in total of cash and cash equivalents, investment securities, corporate (R&D and administrative) property, plant and equipment, etc., not allocated to reportable segments and the negative ¥284 million of inter-segment elimination of receivables and payables.

The fiscal year ended December 31, 2018 (January 1, 2018 to December 31, 2018)

(Million yen)

	Reportable segment					Other (Note 1)	Total	Reconcili- ations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Medical Technologi es	Informatio n and Communi- cation	Sub-total				
Revenue to external customers	46,952	122,779	22,351	11,674	203,758	452	204,210	—	204,210
Inter-segment revenue	751	627	—	116	1,496	1,837	3,334	(3,334)	—
Total	47,704	123,407	22,351	11,791	205,255	2,289	207,544	(3,334)	204,210
Segment profit (loss)	(18)	10,631	738	(1,237)	10,113	104	10,217	(3,263)	6,954
Financial income	—	—	—	—	—	—	—	—	663
Financial costs	—	—	—	—	—	—	—	—	(1,249)
Profit (loss) before tax	—	—	—	—	—	—	—	—	6,367
Segment assets	54,202	68,408	34,166	4,011	160,789	902	161,691	53,203	214,895
Other									
Depreciation and amortization	3,870	4,417	996	263	9,546	97	9,644	681	10,325
Share of profit (loss) of investments accounted for using equity method	—	(213)	—	—	(213)	—	(213)	—	(213)
Impairment loss	32	276	—	158	466	—	466	—	466
Increase in property, plant and equipment, intangible assets and right-of-use assets	4,510	6,009	1,852	71	12,443	135	12,578	1,993	14,572
Investments accounted for using equity method	—	0	—	—	0	—	0	—	0

(Notes) 1. The “Other” category consists of a business segment not included in the reportable segments and includes the landscaping business, etc.

2. Reconciliations are as follows:

(1) The negative ¥3,263 million of reconciliations in segment profit (loss) includes unallocated corporate expenses, etc. Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.

(2) The positive ¥53,203 million of reconciliations in segment assets consists of the positive ¥53,405 million in total of cash and cash equivalents, investment securities, corporate (R&D and administrative) property, plant and equipment, etc., not allocated to reportable segments and the negative ¥202 million of inter-segment elimination of receivables and payables.

(3) The positive ¥681 million of reconciliations in depreciation and amortization relates to corporate (R&D and administrative) property, plant and equipment, etc.

(4) The positive ¥1,993 million of reconciliations in increase in property, plant and equipment, intangible assets and right-of-use assets is the amount of corporate (R&D and administrative) capital investment.

3. Segment profit (loss) is reconciled with operating profit recorded in the consolidated statements of income.

The fiscal year ended December 31, 2019 (January 1, 2019 to December 31, 2019)

(Million yen)

	Reportable segment					Other (Note 1)	Total	Reconcili- ations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Medical Technologi es	Informatio n and Communi- cation	Sub-total				
Revenue to external customers	46,279	96,196	24,077	6,950	173,503	532	174,035	—	174,035
Inter-segment revenue	1,006	130	—	55	1,193	1,665	2,858	(2,858)	—
Total	47,285	96,327	24,077	7,005	174,696	2,198	176,894	(2,858)	174,035
Segment profit (loss)	(7,278)	(11,769)	918	5,463	(12,665)	23	(12,642)	(3,605)	(16,247)
Financial income	—	—	—	—	—	—	—	—	1,056
Financial costs	—	—	—	—	—	—	—	—	(1,437)
Profit (loss) before tax	—	—	—	—	—	—	—	—	(16,628)
Segment assets	45,165	46,044	33,614	2,715	127,539	4,795	132,335	53,870	186,205
Other									
Depreciation and amortization	3,670	4,260	1,169	200	9,300	162	9,463	604	10,067
Share of profit (loss) of investments accounted for using equity method	—	—	—	—	—	—	—	—	—
Impairment loss	5,246	10,671	—	—	15,917	—	15,917	—	15,917
Increase in property, plant and equipment, intangible assets and right-of-use assets	3,535	2,329	972	626	7,463	60	7,523	1,424	8,948
Investments accounted for using equity method	—	0	—	—	0	—	0	—	0

(Notes) 1. The “Other” category consists of a business segment not included in the reportable segments and includes the landscaping business, etc.

2. Reconciliations are as follows:

(1) The negative ¥3,605 million of reconciliations in segment profit (loss) includes unallocated corporate expenses, etc. Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.

(2) The positive ¥53,870 million of reconciliations in segment assets consists of the positive ¥54,108 million in total of cash and cash equivalents, investment securities, corporate (R&D and administrative) property, plant and equipment, etc., not allocated to reportable segments and the negative ¥238 million of inter-segment elimination of receivables and payables.

(3) The positive ¥604 million of reconciliations in depreciation and amortization relates to corporate (R&D and administrative) property, plant and equipment, etc.

(4) The positive ¥1,424 million of reconciliations in increase in property, plant and equipment, intangible assets and right-of-use assets is the amount of corporate (R&D and administrative) capital investment.

3. Segment profit (loss) is reconciled with operating profit recorded in the consolidated statements of income.

(First-time adoption)

The Group has adopted IFRS starting from the fiscal year ended December 31, 2019, with the date of transition to IFRS on January 1, 2018. The latest consolidated financial statements prepared in accordance with Japanese GAAP (previous GAAP) are for the fiscal year ended December 31, 2018.

(1) Exemptions under IFRS 1

IFRS 1 requires that, in principle, an entity adopting IFRS for the first time (“first-time adopter”) retrospectively applies the requirements of IFRS. However, for certain requirements of IFRS, IFRS 1 provides mandatory exceptions which prohibit retrospective application of IFRS in some areas as well as optional exemptions from retrospective application. Major exemptions applied by the Group upon its transition from Japanese GAAP to IFRS are as follows:

1) Business combinations

A first-time adopter may elect not to apply IFRS 3 “Business Combinations” (“IFRS 3”) retrospectively to business combinations that occurred before the date of transition to IFRS. By using this exemption, the Group has not applied IFRS 3 retrospectively for business combinations that occurred before the date of transition. Accordingly, goodwill arising from business combinations before the date of transition is based on the book value determined under Japanese GAAP as of the date of transition. Such goodwill was tested for impairment as of the date of transition, regardless of whether there was any indication of impairment.

2) Exchange differences on translation of foreign operations

The Group has reclassified all cumulative exchange differences on translation of foreign operations as of the date of transition to IFRS to retained earnings.

3) Leases

The Group has assessed whether a contract existing at the date of transition to IFRS contains a lease on the basis of facts and circumstances existing at that date.

Lease liabilities and right-of-use assets have been measured as of the date of transition to IFRS. Right-of-use assets have been measured on a lease-by-lease basis, at either their book value as if IFRS 16 “Leases” had been applied since the commencement date of the lease, or an amount equal to the lease liability for the lease. The Group has determined whether to apply the recognition exemption for leases of low-value assets and short-term leases on the basis of circumstances at the date of transition to IFRS.

4) Designation of financial instruments recognized before the date of transition to IFRS

The Group has made the designation of financial instruments recognized before the date of transition to IFRS in accordance with IFRS 9 “Financial Instruments” on the basis of facts and circumstances existing at the date of transition to IFRS.

5) Share-based payment

The Group has elected not to apply IFRS 2 “Share-based Payment” to share-based payment transactions vested before the date of transition to IFRS.

IFRS 1 prohibits retrospective application of IFRS to estimates, derecognition of financial assets and financial liabilities, non-controlling interests, and classification and measurement of financial assets. The Group has applied IFRS prospectively to these items from the date of transition to IFRS.

(2) Reconciliations for first-time adoption

The reconciliations required to be disclosed under IFRS 1 are as follows. “Reclassifications” include items that do not affect retained earnings and comprehensive income and “Differences in recognition and measurement” include items that affect retained earnings and comprehensive income.

## 1) Reconciliation of equity

Reconciliation of equity as of the date of transition to IFRS (January 1, 2018)

(Million yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	29,790	(499)		29,291		Cash and cash equivalents
Notes and accounts receivable-trade	48,140	(2,460)	(1,009)	44,670	A	Trade and other receivables
Securities	33	(33)				
Merchandise and finished goods	10,474	16,152	961	27,588	A	Inventories
Work in process	8,055	(8,055)				
Raw materials and supplies	7,095	(7,095)				
Consumption taxes receivable	4,099	(4,099)				
Other	4,481	708	106	5,296		Other financial assets
Allowance for doubtful accounts	(292)	292				Other current assets
Total current assets	111,877	(1,770)	58	110,165		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	52,555		5,907	58,462	B	Property, plant and equipment
Intangible assets						Intangible assets
Goodwill	23,645		(4,076)	19,569	C	Goodwill
Other	13,981		477	14,459		Intangible assets
Investments and other assets			7,901	7,901	D	Right-of-use assets
Investment securities	20,299	(20,081)		218		Investments accounted for using equity method
		20,428	265	20,694	I	Other financial assets
			111	111	G	Retirement benefit asset
Deferred tax assets	1,385		(726)	658	K	Deferred tax assets
Other	1,049	(832)	(17)	199		Other non-current assets
Allowance for doubtful accounts	(485)	485				
Total non-current assets	112,432	—	9,842	122,275		Total non-current assets
Total assets	224,310	(1,770)	9,901	232,440		Total assets

(Million yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
Liabilities						Liabilities and equity
Current liabilities						Current liabilities
Notes and accounts payable-trade	51,736	20,900	169	72,806		Trade and other payables
Electronically recorded obligations - operating	8,909	(8,909)				
Short-term loans payable	10,669	1,356		12,025		Borrowings
Current portion of long-term loans payable	1,356	(1,356)				
		1,314	(6)	1,308		Other financial liabilities
Lease obligations	268		1,299	1,567	D	Lease liabilities
Accrued expenses	6,918	(6,918)				
Income taxes payable	1,441	125		1,566		Income taxes payable, etc.
		25	0	25		Provisions
Provision for bonuses	1,930	(1,930)				
Provision for directors' bonuses	60	(60)				
Provision for management board benefit trust	138		(138)			
Provision for product warranties	25	(25)				
Other	13,735	(6,337)	580	7,978	E	Other current liabilities
Total current liabilities	97,190	(1,816)	1,904	97,278		Total current liabilities
Non-current liabilities						Non-current liabilities
Bonds payable	2,940	13,514	(71)	16,383	F	Bonds and borrowings
Long-term loans payable	13,514	(13,514)				
		740	876	1,616	L	Other financial liabilities
Lease obligations	1,666		4,754	6,420	D	Lease liabilities
Net defined benefit liability	4,373		401	4,775	G	Retirement benefit liability
		164		164		Provisions
Deferred tax liabilities	8,974		860	9,834	K	Deferred tax liabilities
Other	912	(858)	239	293		Other non-current liabilities
Total non-current liabilities	32,380	46	7,061	39,488		Total non-current liabilities
Total liabilities	129,571	(1,770)	8,966	136,766		Total liabilities
Net assets						Equity
Shareholders' equity						
Capital stock	12,069			12,069		Share capital
Capital surplus	15,460		(433)	15,027	F,L	Capital surplus
Retained earnings	51,337		6,602	57,940	A,B,C,D,E,F,G,H,I,J,K,L,M	Retained earnings
Treasury shares	(327)		88	(239)		Treasury shares
Accumulated other comprehensive income	15,958		(5,320)	10,638	G,H,I,J	Other components of equity
Non-controlling interests	239		(1)	237		Non-controlling interests
Total net assets	94,738	—	935	95,673		Total equity
Total liabilities and net assets	224,310	(1,770)	9,901	232,440		Total liabilities and equity

## Reconciliation of equity as of December 31, 2018

(Million yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	16,762	(5)	(120)	16,637		Cash and cash equivalents
Notes and accounts receivable-trade	40,867	(126)	(1,766)	38,974	A	Trade and other receivables
Merchandise and finished goods	12,337	16,059	1,890	30,287	A	Inventories
Work in process	8,101	(8,101)				
Raw materials and supplies	7,144	(7,144)				
Consumption taxes receivable	3,739	(3,739)				
Other	7,183	(1,838)	45	5,390		Other financial assets
Allowance for doubtful accounts	(277)	277	293	293		Other current assets
Total current assets	95,859	(546)	341	95,654		Assets held for sale
Total current assets	95,859	(546)	341	95,654		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	54,225		4,742	58,967	B	Property, plant and equipment
Intangible assets						Intangible assets
Goodwill	22,039		(2,168)	19,871	C	Goodwill
Other	14,188		369	14,558		Intangible assets
Investments and other assets			9,455	9,455	D	Right-of-use assets
Investment securities	14,797	(14,769)	(28)	0		Investments accounted for using equity method
Net defined benefit asset	227	15,204	165	15,369	I	Other financial assets
Deferred tax assets	584		(6)	221	G	Retirement benefit asset
Other	1,142	(903)	(13)	571	K	Deferred tax assets
Allowance for doubtful accounts	(468)	468	(12)	226		Other non-current assets
Total non-current assets	106,737	—	12,503	119,241		Total non-current assets
Total assets	202,596	(546)	12,845	214,895		Total assets



(Million yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
Liabilities						Liabilities and equity
Current liabilities						Current liabilities
Notes and accounts payable-trade	44,484	17,583	90	62,158		Trade and other payables
Electronically recorded obligations - operating	6,772	(6,772)				
Short-term loans payable	10,858	1,716		12,574		Borrowings
Current portion of long-term loans payable	1,716	(1,716)				
		1,415	25	1,441		Other financial liabilities
Lease obligations	206		1,407	1,614	D	Lease liabilities
Accrued expenses	7,101	(7,101)				
Income taxes payable	840	86		926		Income taxes payable, etc.
		300		300		Provisions
Provision for bonuses	1,963	(1,963)				
Provision for directors' bonuses	71	(71)				
Provision for product warranties	74	(74)				
Other	8,620	(3,792)	444	5,272	E	Other current liabilities
			112	112		Liabilities directly associated with assets held for sale
Total current liabilities	82,709	(388)	2,080	84,401		Total current liabilities
Non-current liabilities						Non-current liabilities
Bonds payable	2,840	13,525	(45)	16,319	F	Bonds and borrowings
Long-term loans payable	13,525	(13,525)				
		1,059	636	1,695	L	Other financial liabilities
Lease obligations	1,396		6,593	7,990	D	Lease liabilities
Net defined benefit liability	4,305		238	4,543	G	Retirement benefit liability
Provision for management board benefit trust	46	(46)				
		162		162		Provisions
Deferred tax liabilities	6,287		1,654	7,941	K	Deferred tax liabilities
Other	1,159	(1,333)	467	293		Other non-current liabilities
Total non-current liabilities	29,560	(158)	9,544	38,947		Total non-current liabilities
Total liabilities	112,270	(546)	11,625	123,348		Total liabilities
Net assets						Equity
Shareholders' equity						Shareholders' equity
Capital stock	12,119			12,119		Share capital
Capital surplus	15,514		(443)	15,071	F,L	Capital surplus
Retained earnings	54,138		6,793	60,931	A,B,C,D,E,F,G,H,I,J,K,L,M	Retained earnings
Treasury shares	(1,911)		10	(1,900)		Treasury shares
Accumulated other comprehensive income	10,347		(5,005)	5,341	G,H,I,J	Other components of equity
Non-controlling interests	118		(135)	(17)		Non-controlling interests
Total net assets	90,326	—	1,220	91,546		Total equity
Total liabilities and net assets	202,596	(546)	12,845	214,895		Total liabilities and equity

## Reconciliation of profit or loss and comprehensive income for the fiscal year ended December 31, 2018

(Million yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
Net sales	207,404		(3,194)	204,210	A	Revenue
Cost of sales	(170,113)	1,500	2,275	(166,337)	A,B,D,E,G	Cost of sales
Gross profit	37,291	1,500	(919)	37,872		Gross profit
Selling, general and administrative expenses	(29,210)	(1,500)	1,558	(29,152)	B,C,D,E,G	Selling, general and administrative expenses
		1,486	(82)	1,404		Other income
		(3,010)	54	(2,956)		Other expenses
		(184)	(28)	(213)		Share of profit (loss) of investments accounted for using equity method
Operating profit	8,080	(1,708)	582	6,954		Operating profit
Non-operating income	607	(36)	92	663	I	Finance income
Non-operating expenses	(1,308)	463	(404)	(1,249)	D,F,I,L	Finance costs
Extraordinary income	1,270	(1,270)				
Extraordinary losses	(2,552)	2,552				
Profit before income taxes	6,097	—	269	6,367		Profit before tax
Total income taxes	(1,911)	—	(201)	(2,113)	K	Income tax expense
Profit	4,186	—	67	4,254		Profit

(Million yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
Profit	4,186		67	4,254		Profit
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	(3,659)		(30)	(3,689)	I,J	Net change in fair value of financial assets measured through other comprehensive income
Remeasurements of defined benefit plans, net of tax	(57)		55	(2)	G	Remeasurements of defined benefit plans
						Items that may be reclassified to profit or loss
Foreign currency translation adjustment	(1,853)		237	(1,615)		Exchange differences on translation of foreign operations
Share of other comprehensive income of entities accounted for using equity method	(40)		35	(5)		Share of other comprehensive income of investments accounted for using equity method
Total other comprehensive income	(5,611)		298	(5,312)		Total other comprehensive income
Comprehensive income	(1,424)	—	366	(1,058)		Total comprehensive income

(3) Notes on reconciliation of equity and reconciliation of profit or loss and comprehensive income

(Reclassifications)

The following items represent major items that have been reclassified to comply with IFRS.

- Time deposits maturing after three months but within one year, which were included in “Cash and deposits” under Japanese GAAP, are presented as “Other financial assets (current assets)” under IFRS.
- Consumption taxes receivable, which were presented as a separate account under Japanese GAAP, are presented as “Other current assets” under IFRS.
- Allowance for doubtful accounts against current assets, which was presented as a separate account under Japanese GAAP, is included in the associated financial assets, which are “Trade and other receivables” and “Other financial assets (current assets),” under IFRS.
- Merchandise and finished goods, work in process, and raw materials and supplies, which were presented as separate accounts under Japanese GAAP, are presented collectively as “Inventories” under IFRS.
- Accounts receivable-other, which were included in “Other (current assets)” under Japanese GAAP, are included in “Trade and other receivables” under IFRS.
- Investments accounted for using equity method, which were included in “Investment securities” under Japanese GAAP, are presented as “Investments accounted for using equity method” under IFRS.
- Under IFRS, investment securities other than investments accounted for using equity method are included in “Other financial assets (non-current assets).” Financial assets including guarantee deposits, which were included in “Other (investments and other assets)” under Japanese GAAP, are included in “Other financial assets (non-current assets)” under IFRS.
- Allowance for doubtful accounts against non-current assets, which was presented as a separate account under Japanese GAAP, is included in the associated financial assets, which are “Other financial assets (non-current assets),” under IFRS.
- Electronically recorded obligations – operating and accrued expenses, which were presented as separate accounts under Japanese GAAP, are included in “Trade and other payables” under IFRS.
- Accounts payable-other, which were included in “Other (current liabilities)” under Japanese GAAP, are included in “Trade and other payables” under IFRS.
- Financial liabilities, which were included in “Other (current liabilities)” under Japanese GAAP, are included in “Other financial liabilities (current liabilities)” under IFRS.
- “Provision for bonuses,” which was presented as a separate account under Japanese GAAP, is included in “Other current liabilities” under IFRS.
- Repurchase agreements including supply-for-a-fee transactions, for which the cancellation of inventories was recognized at the time of supply under Japanese GAAP, are instead recognized as financial liabilities under IFRS.
- Financial assets and financial liabilities expected to be settled on a net basis, which were presented on a gross basis under Japanese GAAP, are presented on a net basis under IFRS when the Group:
  - (a) has a legally enforceable right to set off the balances; and
  - (b) intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.
- Financial liabilities, which were included in “Other (non-current liabilities)” under Japanese GAAP, are included in “Other financial liabilities (non-current liabilities)” under IFRS.
- For items presented as “Non-operating income,” “Non-operating expenses,” “Extraordinary income” and “Extraordinary losses” under Japanese GAAP, finance-related items are reclassified to “Finance income” or “Finance costs,” and the other items are reclassified to “Other income,” “Other expenses,” or “Share of profit (loss) of investments accounted for using equity method” under IFRS.

(Differences in recognition and measurement)

A. Revenue recognition

Under Japanese GAAP, net sales were primarily recognized on a shipping basis. Under IFRS, revenue is recognized when a performance obligation is satisfied at a point in time, such as at the time of customer acceptance, or over time. This results in a decrease in “Trade and other receivables” and an increase in “Inventories.”

Payments to customers relating to goods supplied for a fee, which were included in “Cost of sales” under Japanese GAAP, are offset against revenue as consideration paid to customers under IFRS.

B. Property, plant and equipment

Property, plant and equipment, which were depreciated primarily by using the declining-balance method for some period in the past under Japanese GAAP, are depreciated by using the straight-line method from initial recognition under IFRS.

C. Goodwill

Goodwill, which was amortized over a set period under Japanese GAAP, is not amortized under IFRS. Impairment of goodwill, which was assessed only when there was an indication of impairment under Japanese GAAP, is tested in each period under IFRS.

On the basis of the business plan as of the date of transition to IFRS, the Group tested each cash-generating unit (or a group of cash-generating units) for impairment, and identified that the recoverable amount was below the book value including goodwill. As a result, impairment losses of ¥3,022 million on goodwill mainly in association with AR Metallizing N.V. have been recognized in the Industrial Materials segment. The recoverable amount is measured at value in use, which is calculated by discounting future cash flows at a discount rate of 9.0%.

D. Leases

Under Japanese GAAP, a lessee classified each of its leases as either a finance lease or an operating lease and accounted for operating leases in a manner similar to accounting for ordinary rental transactions. Under IFRS, a lessee recognizes lease liabilities and right-of-use assets at the commencement date of the lease. The lease liabilities are measured at the present value of future lease payments at the commencement date, and the right-of-use assets are measured at the amount of lease liabilities adjusted for prepaid lease payments made before the commencement date, initial direct costs and an estimate of costs to fulfill the obligation of restoration.

E. Obligation for paid absences

Obligation for unused paid absences, which was not recognized under Japanese GAAP, is recognized as a liability under IFRS.

F. Bonds

In accounting for convertible bonds (bonds with stock acquisition rights), consideration of bonds and consideration of stock acquisition rights were recognized collectively rather than separately under Japanese GAAP, while the liability component and the equity component are recognized separately as a compound financial instrument under IFRS.

G. Post-employment benefits

Under Japanese GAAP, actuarial gains and losses and past service cost were recognized in other comprehensive income, and subsequently expensed over a certain future period. Under IFRS, actuarial gains and losses are recognized in other comprehensive income (as “Remeasurements of defined benefit plans”) as incurred and immediately reclassified to retained earnings. Past service cost is recognized in profit or loss as incurred.

#### H. Exchange differences on translation of foreign operations

By applying an exemption provided in IFRS 1, the cumulative exchange differences on translation of foreign operations have been deemed to be zero as of the date of transition to IFRS and all reclassified to retained earnings.

#### I. Financial instruments

Under Japanese GAAP, financial instruments such as shares whose fair value was difficult to determine were basically carried at cost, and impairment losses were recognized when the value in substance declined significantly. Under IFRS, such financial instruments are determined at fair value, and the changes in fair value are basically recognized in profit or loss; provided that the Group may elect to recognize the changes in fair value in other comprehensive income for those classified as equity instruments which are not held for sale.

If shares (preference shares, etc.) for which the valuation differences may be recognized in other comprehensive income under Japanese GAAP do not satisfy the definition of an equity instrument under IFRS, the valuation differences are recognized in profit or loss in accordance with the classification of financial assets required by IFRS 9 “Financial Instruments.”

#### J. Reclassification of net change in fair value of financial assets measured through other comprehensive income to retained earnings

Under Japanese GAAP, items constituting profit that had been included in other comprehensive in the current or prior periods were reclassified to valuation difference on available-for-sale securities. Under IFRS, net change in fair value of financial assets measured through other comprehensive income will not be reclassified subsequently to profit or loss.

#### K. Tax effect accounting

The recognition of tax effects of changes in temporary differences and reexamination of the recoverability of deferred tax assets upon the application of IFRS have resulted in changes in deferred tax assets and deferred tax liabilities.

#### L. Written put options held by non-controlling interests

Under Japanese GAAP, written put options on shares of subsidiaries granted to owners of non-controlling interests were accounted for as derivatives. Under IFRS, a financial liability is recognized initially at the present value of the redemption amount, and is reclassified from capital surplus. Subsequently, the changes in fair value are recognized in profit or loss.

#### M. Retained earnings

Adjustments to retained earnings due to the transition to IFRS are as follows:

(Million yen)

	As of January 1, 2018 (Date of transition to IFRS)	As of December 31, 2018
A. Revenue recognition	(53)	(178)
B. Property, plant and equipment	7,656	6,162
C. Goodwill	(4,001)	(2,393)
D. Leases	—	(69)
E. Obligation for paid absences	(767)	(795)
F. Bonds	(232)	(255)
G. Post-employment benefits	(111)	55
H. Exchange differences on translation of foreign operations	3,687	3,687
I. Financial instruments	244	238
J. Reclassification of net change in fair value of financial assets measured through other comprehensive income to retained earnings	1,335	1,324
K. Tax effect accounting	(1,677)	(1,753)
L. Written put options held by non-controlling interests	—	(92)
Other	522	863
Total adjustments to retained earnings	6,602	6,793

(Note) “Tax effect accounting” includes tax effects recognized in relation to other items.

#### (4) Reconciliation of cash flows

The major difference between the consolidated statements of cash flows disclosed under Japanese GAAP and the consolidated statements of cash flows disclosed under IFRS is that lease payments (excluding the interest component) under operating leases in cash flows from operating activities have been reclassified as repayments of lease liabilities in cash flows from financing activities as a result of applying IFRS 16.