

# Annual Review 2018

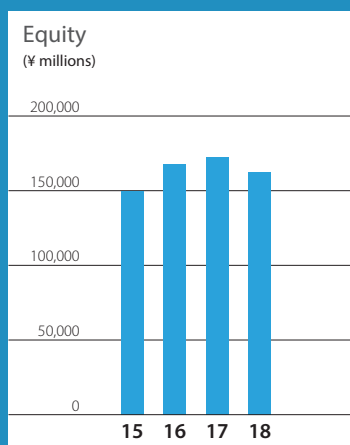
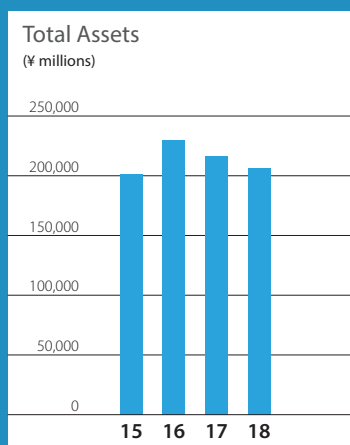
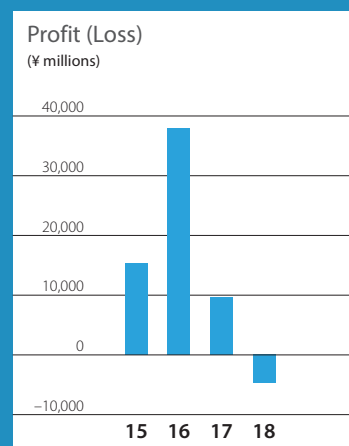
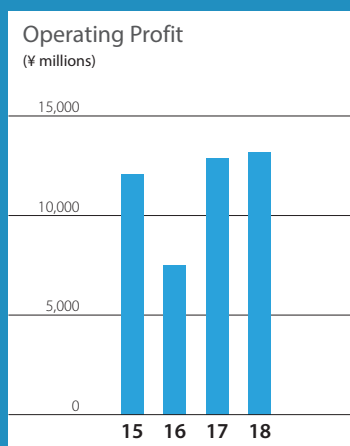
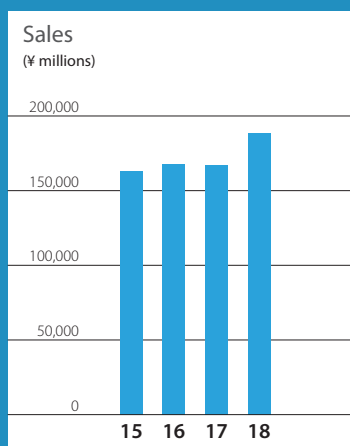
For the year ended March 31, 2018

# Financial Highlights

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2017 and 2018

		Millions of yen	Thousands of U.S. dollars
	2017	2018	2018
<b>For the year:</b>			
Sales	¥166,889	¥188,221	\$1,771,659
Operating profit	12,278	13,162	123,889
Profit (loss) before income tax	12,880	(1,173)	(11,041)
Profit (loss)	9,560	(4,708)	(44,315)
Profit (loss) attributable to owners of the parent	5,385	(8,717)	(82,050)
<b>At year-end:</b>			
Total assets	¥216,005	¥206,423	\$1,942,988
Equity	172,770	162,445	1,529,038
<b>Per share (yen and U.S. dollars):</b>			
Basic earnings (losses) per share	¥ 82.77	¥ (133.97)	\$ (1.26)
Cash dividends paid	45.00	45.00	0.42

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥106.24=U.S.\$1, the approximate exchange rate as of March 31, 2018.



**Thank you to all of our shareholders for your continuing encouragement and support.**

**The Nissin Kogyo Group is working to establish an earnings base by providing products that are smaller, lighter and offering environmental friendliness and safety, and products creating cutting-edge high-added value.**



### Business Results for the Year

In the fiscal year ended March 31, 2018, overall economic conditions stayed on a gradual recovery trajectory, primarily due to steady economic activity in the U.S. and Europe, and recovery in China and other Asian countries.

In the automobile market, although the U.S. market slowed down, the overall market expanded mainly due to growth in China and emerging economies, and the impact of new models launched in Japan. In the motorcycle market, although it contracted slightly in Indonesia, it was strong in Thailand, Vietnam and India.

Under these circumstances, the Nissin Kogyo Group has worked to establish an earnings base under the policies advocated in the Group's 13th medium-term management plan, and pursued growth as the largest motorcycle brake company and through aluminum weight-reduction technologies. Specifically, the Group focused on expanding business in motorcycle brakes in Indonesia, Thailand, Vietnam, India and elsewhere, while regarding aluminum, the Group expanded its production capacity and also worked on producing lighter major undercarriage parts, such as knuckles and lower arms.

In the fiscal year ended March 31, 2018, the Group posted consolidated sales of ¥188,221 million, up 12.8% year on year. This was primarily due to increased sales of aluminum and motorcycle products in Asia and to foreign exchange translation effects.

The Group decided to record an impairment loss on non-current assets because a subsidiary in North America disclosed a decline in profitability. This was mainly due to a production loss at the time some new products were launched, and signs of impairment were recognized. Operating profit totaled ¥13,162 million, up 7.2% year on year. The growth reflects higher sales and foreign exchange translation effects, despite higher market prices for materials, increased depreciation and amortization expense, and increased quality-related expenses, in addition to the impairment loss.

Loss before income tax was ¥1,173 million, down from a profit before income tax of ¥12,880 million in the previous fiscal year, due to the posting of an equity-method investment loss by an equity-method affiliate. Loss was ¥4,708 million, down from a profit of ¥9,560 million in the previous fiscal year, and loss attributable to owners of the parent was ¥8,717 million, down from a profit of ¥5,385 million in the previous fiscal year.

In the fiscal year under review, the business plans of the three equity-method affiliates, Autoliv-Nissin Brake Systems Japan Co., Ltd., Autoliv-Nissin Brake Systems America LLC, and Autoliv-Nissin Brake Systems (Zhongshan) Co., Ltd., were reviewed because their business results were lower than had been initially assumed in their plans. As a result of conducting impairment tests, the Group recognized an impairment of their non-financial assets. Accordingly, the Group judged that its net investment in these companies should be impaired, and applied impairment treatment to the net investment. The Group posted a loss on equity-method investments of ¥13,707 million.

### Forecasts for the Fiscal Year Ending March 31, 2019

The Group's current forecasts for the fiscal year ending March 31, 2019, the middle year of the 13th medium-term management plan, are for sales of ¥190,000 million, operating profit of ¥15,000 million, profit before income tax of ¥15,000 million, profit of ¥10,800 million and profit attributable to owners of the parent of ¥6,700 million. These forecasts are based on an assumed exchange rate of ¥105 to the U.S. dollar for the fiscal year ending March 31, 2019.

We plan to pay cash dividends of ¥45 per share for the fiscal year ending March 31, 2019.

Furthermore, the business environment is changing dramatically, including such phenomena as the advance of globalization and the expansion of diversity. Against this backdrop, all the individuals who make up the Nissin Kogyo Group will continue to respond to society's trust and expectations by acting to the best of their abilities. To enable them to do this, the Group has changed its basic principles and policies of conduct so that the collective power of these individuals and the Group itself can be exhibited even more, by making it easier to share and hold in common the criteria of judgments and the standards of actions.

In closing, I would like to ask for the continued support of all our shareholders.

August 2018

A handwritten signature in black ink, reading 'Kawaguchi' with a stylized flourish at the end.

**Yasushi Kawaguchi**  
President

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# Change of Basic Principles to Exhibit the Group's Collective Power

The business environment is changing dramatically, including such phenomena as the advance of globalization and the expansion of diversity. Against this backdrop, all the individuals who make up the Nissin Kogyo Group will continue to respond to society's trust and expectations by acting to the best of their abilities. To enable them to do this, the Group changed its basic principles in March 2018 so that the collective power of these individuals and the Group itself can be exhibited even more, by making it easier to share and hold in common the criteria of judgments and the standards of actions.

## NISSIN Philosophy

### Basic Principles

*Respect for the Individual (Self-Reliance/Fairness/Equal Opportunity)*

### Mission Statement

*Always stay ahead of changes in the world and provide superior products, technologies and ideas to meet the needs of customers and society.*

### Policies of Conduct

*With self-reliance, fairness, and equal opportunity as our pillars, we act based on our beliefs.*

# The 13th Medium-Term Management Plan

## Policies

- Motorcycles** Growth as the largest motorcycle brake company
- Automobiles** Growth through aluminum weight-reduction technologies

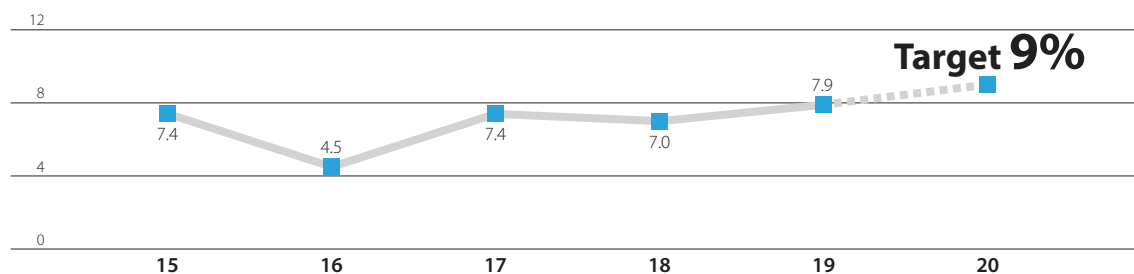
## Business Environment

- Motorcycles** Increasing legislation about inclusion of advanced brakes (to reduce traffic accidents)
- Aluminum** Expanding needs for lighter car bodies
- Automobiles** Driverless cars, strengthening of safety regulations

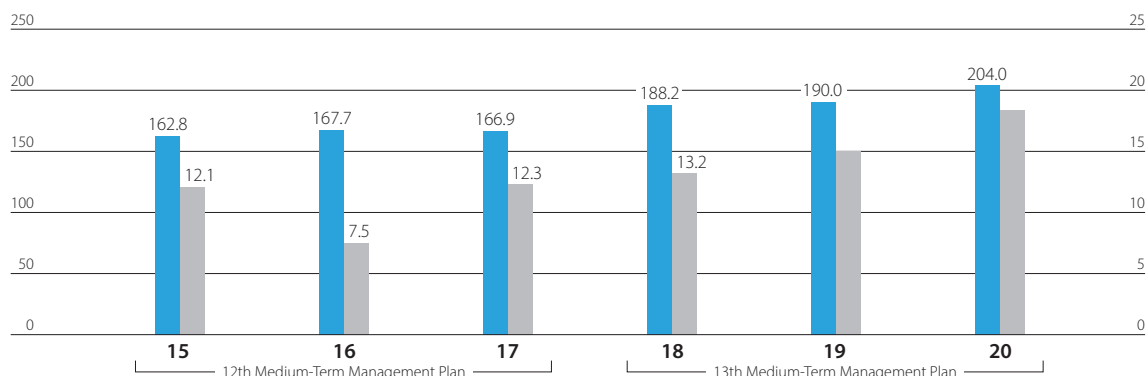
## Growth Challenges

- Motorcycles** Expand the motorcycle brakes and CBS business (Indonesia, Thailand, Vietnam, India, China)
- Aluminum** Establish an earnings base on aluminum and lighter major undercarriage parts (front and rear knuckles, lower arms) and expand sales
- Automobiles** Improve automobile brake profitability

Operating Profit Ratio (%)



Sales/Operating Profit (¥ billions)



■ Sales (left) ■ Operating profit (right)



## New Adoptions of Our Products

Through its aluminum weight-reduction and braking system technologies, Nissin Kogyo makes significant contributions to motorized society in terms of both environmental performance and safety.



Rear knuckle

### HONDA CIVIC TYPE R

*Honda's CIVIC TYPE R uses the Group's aluminum products that contribute to making automobiles lighter.*

## Automobile Business



Front caliper assembly



### MITSUBISHI ECLIPSE CROSS

*The Group's brake products were used in Mitsubishi Motors' ECLIPSE CROSS.*

## Research and Development Activities

The Nissin Kogyo Group constantly strives to keep one step ahead of changes in the world by conducting research and development activities to create new product families that can contribute to safety and environmental performance, while meeting the needs of customers and society.

In Japan, Group efforts are centered on brake systems and aluminum products for motorcycles and automobiles. To respond to needs related to achieving a low-carbon society, we are moving ahead with developing technologies that reduce

weight and improve fuel efficiency. We are also developing products that contribute to better safety and comfort, as well as developing materials and manufacturing processes, all from a global perspective.

In motorcycles, the mandatory fitting of advanced braking systems is spreading throughout the world. Consequently, we are improving the ease of handling finished cars and expanding the range of onboard models, by developing lightweight combined braking systems (CBS) and optimum anti-lock braking systems (ABS) control.



Clutch master cylinder



Front master cylinder



Front caliper



Rear caliper



Parking caliper



Rear master cylinder



Release assembly



**HONDA GOLD WING**

*The Group's brake systems and other products were used in Honda's large premium tourer, the Gold Wing.*

# Motorcycle Business



**KAWASAKI NINJA H2 SX/SX SE**

*The Group's motorcycle products were used in Kawasaki Motors' high-performance sports tourer model, the Ninja H2.*



Clutch master cylinder



Front master cylinder



Release assembly



Rear caliper



Rear master cylinder

In automobiles, we are contributing to environmental load reduction, including through expanded application of lightweight, low-drag torque brake calipers and regulation-compliant copper pads. Moreover, accompanying the electrification of automobiles, we are expanding the number of models equipped with electronic parking brakes (EPB).

We are enhancing our investment in research and development and development platforms to advance the speed of these activities. Specifically, as a form of computerized assessment, we are working

on development initiatives utilizing CAE analysis (strength, action confirmation, casting defects, brake screeching, etc.) and simulation technology (ABS using HILS).

Nissin Kogyo's Development Division is the key driver of the Group's research and development. R&D expenditures in the year under review were ¥4,805 million; by geographic segment, Japan accounted for ¥4,582 million and North America for ¥223 million.

## Basic Philosophy

The Group implements corporate governance based on its guidelines and rules of conduct, including its Basic Principles, Respect for the Individual (Self-Reliance/Fairness/Equal Opportunity) and its mission statement, "Always stay ahead of changes in the world and provide superior products, technologies and ideas to meet the needs of customers and society."

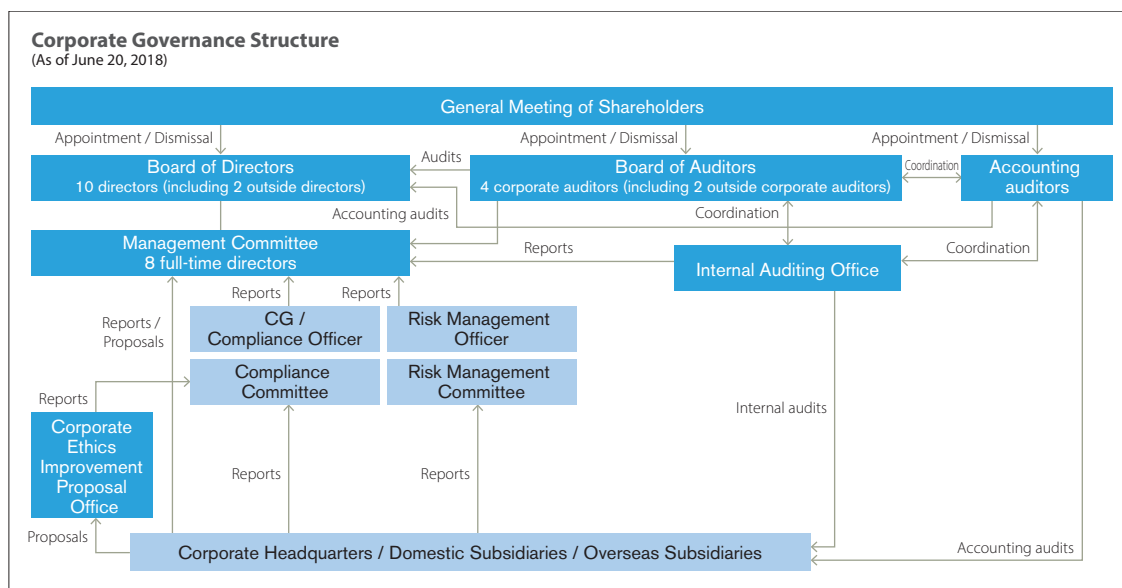
### Overview of Nissin Kogyo's Organization

Nissin Kogyo's Board of Directors comprises 10 directors, of whom 2 are outside directors, and its role is to deliberate upon legal matters and major management issues. The Management Committee comprises 8 full-time directors and its role is to conduct prior deliberation on matters to be brought up for discussion by the Board of Directors, as well as to sufficiently deliberate upon important matters of management, share management issues, and decide upon measures to solve those issues.

The Company is a Company with Board of Auditors, in accordance with the Companies Act. The Board of Auditors is comprised of four corporate auditors, two of whom are outside corporate auditors. Corporate auditors attend meetings of the Board of Directors, Management Committee and other important meetings and audit business execution.

The Internal Auditing Office appoints four full-time corporate auditors and concurrent corporate auditors elected from the accounting field to form an Independent Operation Auditing Department. The job of this department is to provide support in the execution of internal auditing and to respond to requests from corporate auditors. In internal auditing, the Internal Auditing Office conducts audits of all domestic divisions on a twice-yearly basis, along with conducting regular audits of overseas bases.

The system for execution of operations is modeled on a high standard of effectiveness and efficiency and utilizes the cooperation of the five headquarters and overseas bases.



### Details of Director and Corporate Auditor Remuneration

Classification	Total compensation paid (Millions of yen)	Total compensation paid by type (Millions of yen)		Number of recipients (Persons)
		Basic compensation	Bonus	
Directors (excluding the outside director)	216	186	30	7
Corporate auditors (excluding outside corporate auditors)	43	35	8	3
Outside director and corporate auditors	13	13	—	4



## Environmental Initiatives

Nissin Kogyo positions environmental issues among management's most important challenges, and has taken a progressive approach to environmental protection activities. Beyond providing customers with resource- and energy-saving products, the Nissin Kogyo Group concentrates wholeheartedly on the environment and safety, and is developing a framework for further environmental protection.

### Environmental Policy of Nissin Kogyo

In June 1998, Nissin Kogyo formulated its Environmental Policy to promote environmental protection activities. Every member of the Group is working together toward the formation of a recycling-oriented, sustainable society.

### Environmental Protection Activities

Nissin Kogyo is working to establish environmentally friendly plants that contribute to the reduction of CO<sub>2</sub> emissions in production activities. As a part of these activities, we have been introducing cogeneration facilities that use natural gas to generate electricity consumed at production plants, while also effectively utilizing the hot water and heat produced when power is generated.

#### Naoetsu Plant's approach

Cogeneration facilities were introduced at the Naoetsu Plant in December 2005. The electricity generated is used by our production plant for automobile parts and the hot water and heat are utilized in surface processing and heating and cooling systems. In the winter months, the hot water and surplus heat are also used to melt snow.

#### Tobu Plant's approach

After the Naoetsu Plant, cogeneration facilities were next installed in November 2006 at the Tobu Plant. The electricity generated is used in our production plant for automobile brakes, and the hot water and heat are used in surface processing and heating and cooling systems.

Nissin Kogyo will continue to actively promote production activities with environmentally friendly facilities that help reduce CO<sub>2</sub> emissions.



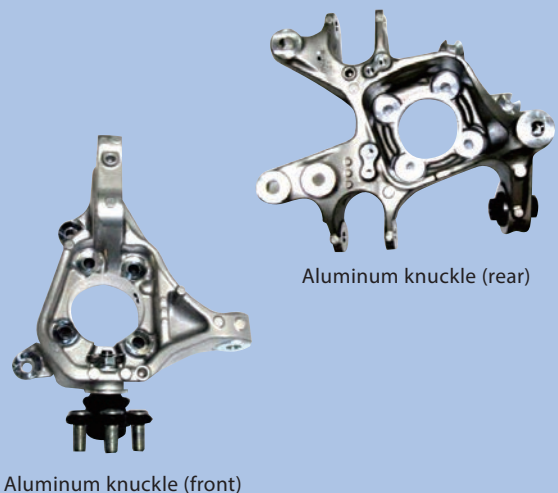
Cogeneration facility at the Naoetsu Plant



Cogeneration facility at the Tobu Plant

### Environmentally Friendly Products

Nissin Kogyo is promoting a shift from steel to aluminum using aluminum weight-reduction technology. The aluminum knuckle is one example. By changing the material for this product from steel to aluminum, each car can be lightened by around 4 kg, contributing to energy savings and CO<sub>2</sub> reductions.



## Business Results

Looking at the economic situation during the fiscal year ended March 31, 2018, we see that despite concerns about geopolitical risk amid unstable political situations overseas, the global economy continued a moderate recovery overall, with strong economies in the U.S. and Europe backed by rising employment figures and growth in consumer spending, as well as a turnaround in economic conditions in China and other Asian countries.

Japan's economy remained on a gentle recovery trend as corporate earnings reached record-high levels amid brisk production and exports from Japan thanks to the ongoing moderate recovery in overseas economies, while consumer spending rebounded on the back of better employment and income conditions.

In 2017, automobile sales volume grew worldwide, tapering off in the U.S. market, recovering in Europe, and continuing to expand in China and other emerging markets. In Japan, sales volume increased 5.3% year on year to 5.2 million automobiles, reflecting the introduction of new registration-class car models and lightweight vehicles.

In 2017, motorcycle sales volume declined slightly to 5.9 million units in Indonesia, increased 5.7% year on year to 1.8 million in Thailand, and expanded 6.8% to 3.3 million in Vietnam. In India, sales rose 6.8% from the previous year to 21.9 million motorcycles. In Japan, shipment volume increased 5.6% year on year to 357,000 motorcycles, supported by strong demand before production ended for some models due to tighter environmental regulations.

In this business environment, the Nissin Kogyo Group pursued the aims of its 13th medium-term management plan to achieve growth as the largest motorcycle brake company and through aluminum weight-reduction technologies. In the first fiscal year of this plan, the Company concentrated on expanding the front-rear wheel interlocking motorcycle brake business in Indonesia, Thailand, Vietnam and India. In aluminum products, the Company expanded production capacity and worked to establish an earnings base for major undercarriage parts, such as aluminum front and rear knuckles and lower arms.

As a result, in the fiscal year under review, consolidated sales increased 12.8% from the previous fiscal year to ¥188,221 million, owing to foreign exchange rate effects; higher sales of aluminum products in each segment of North America, Asia and Japan; higher sales of motorcycle parts in Asia; and stronger sales of automobile products in China.

A subsidiary in North America, however, recorded impairment losses on non-current assets based on an examination of collectability in the future, owing to the recognition of indications of impairment from weaker profitability in the business due to production losses during a new product launch and other factors. Despite these impairment losses, a higher cost of sales ratio due to rising material prices, an increase in depreciation and quality-related costs, operating profit increased 7.2% to ¥13,162 million owing to stronger sales and foreign exchange rate effects.

Loss before income tax was ¥1,173 million, reflecting equity-method losses booked for equity-method affiliates. The Company recorded a loss of ¥4,708 million and a loss attributable to owners of the parent of ¥8,717 million.

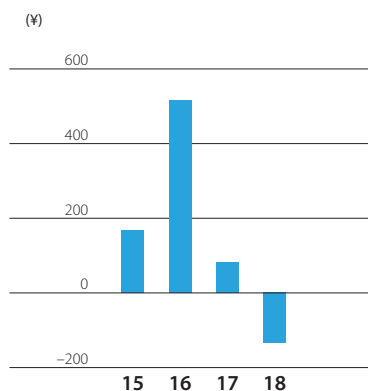
In the fiscal year under review, Nissin Kogyo performed an impairment loss test after a review of business targets that was prompted by earnings trending below initial expectations at equity-method affiliates Autoliv-Nissin Brake Systems Japan Co., Ltd., Autoliv-Nissin Brake Systems America LLC and Autoliv-Nissin Brake Systems (Zhongshan) Co., Ltd. Based on this test, the Company recognized impairment losses on non-financial assets. Accordingly, Nissin Kogyo booked a loss of ¥13,707 million on equity-method investments in reflection of the impairment losses recognized on non-financial assets at equity-method affiliates. This amount is included in share of loss of entities accounted for using the equity method of ¥15,021 million on the consolidated statement of income.

## Breakdown by Geographic Segment

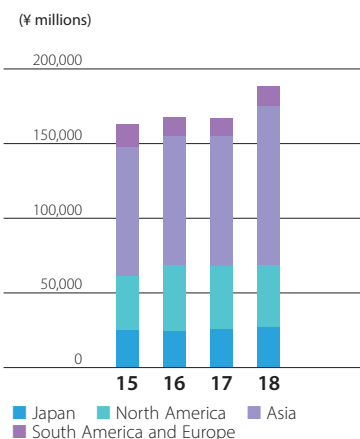
### Japan

In Japan, overall sales increased 3.5% year on year to ¥26,866 million mainly due to higher sales of aluminum products and motorcycle products, despite lower sales of automobile products and repair parts.

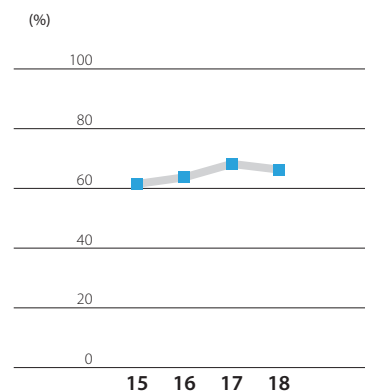
Basic Earnings (Losses) per Share



Sales by Geographic Segment



Shareholders' Equity Ratio



Profit increased 16.5% to ¥2,610 million owing to stronger sales, despite higher material prices and depreciation.

## North America

In North America, sales were almost level with the previous fiscal year at ¥42,045 million, due to lower sales of automobile products, despite higher sales of aluminum products and foreign exchange rate effects.

Losses increased by ¥2,689 million from the previous fiscal year to ¥3,136 million owing to the booking of impairment losses.

## Asia

In Asia, sales expanded 22.3% to ¥106,171 million, reflecting higher sales at all subsidiaries, but especially in China and Thailand, as well as a boost from foreign exchange rate effects.

Profit increased 22.0% to ¥12,614 million due to stronger sales and foreign exchange rate effects, even though quality-related expenses increased in Indonesia.

## South America and Europe

In South America and Europe, sales increased by 9.2% year on year to ¥13,139 million, mainly due to a gradual recovery in the Brazilian market and the impact of foreign exchange rate effects.

Profit increased by ¥672 million compared with the previous fiscal year to ¥788 million, owing to higher sales and lower cost of sales, despite a negative impact from foreign exchange rate effects.

## Financial Position

Total assets as of March 31, 2018 were down ¥9,581 million from the previous fiscal year-end to ¥206,423 million. The main reasons for changes in assets, liabilities and equity were as follows.

Current assets were up ¥4,200 million from the previous fiscal year-end to ¥120,930 million. This mainly reflected increases in cash and cash equivalents and inventories.

Non-current assets were down ¥13,781 million from the previous fiscal year-end to ¥85,494 million. This mainly reflected a decrease in investments accounted for using the equity method.

Current liabilities were up ¥242 million from the previous fiscal year-end to ¥35,110 million.

Non-current liabilities were up ¥502 million from the previous fiscal year-end to ¥8,869 million. This was mainly due to an increase in other non-current liabilities.

Total equity was down ¥10,325 million from the previous fiscal year-end to ¥162,445 million. This was mainly due to a decrease in retained earnings.

## Cash Flows

Cash and cash equivalents ("cash") for the fiscal year ended March 31, 2018 stood at ¥40,669 million, up ¥2,129 million from the previous fiscal year. The status of cash flows in the fiscal year ended March 31, 2018 was as follows.

Net cash provided by operating activities was ¥21,845 million (compared with ¥8,974 million in the previous fiscal year). This mainly reflected share of loss of entities accounted for using the equity method and depreciation and amortization expense.

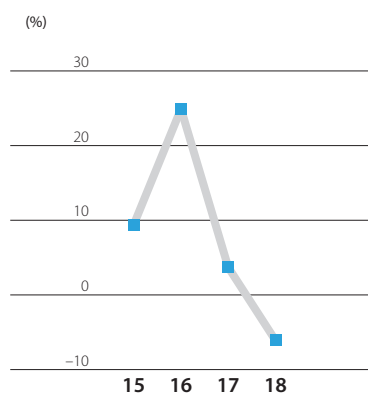
Net cash used in investing activities was ¥12,467 million (compared with ¥13,892 million in the previous fiscal year). This mainly reflected purchase of property, plant and equipment.

Net cash used in financing activities was ¥6,710 million (compared with ¥8,628 million in the previous fiscal year). This mainly reflected dividends paid.

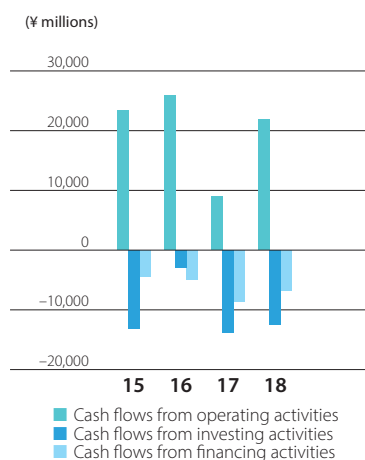
## Basic Stance Regarding Selection of Accounting Standards

The consolidated financial statements of the Group have been prepared in compliance with International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2016.

### Return on Equity



### Cash Flows



## Consolidated Statement of Financial Position

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
March 31, 2017 and 2018

	Millions of yen		Thousands of U.S. dollars
ASSETS	2017	2018	2018
<b>Current assets:</b>			
Cash and cash equivalents	¥ 38,541	¥ 40,669	\$ 382,803
Trade receivables	26,727	27,701	260,740
Other financial assets	25,448	26,639	250,744
Inventories	22,109	23,343	219,720
Other current assets	3,769	2,577	24,256
Subtotal	116,594	120,930	1,138,272
Assets classified as held-for-sale	136	—	—
Total current assets	116,730	120,930	1,138,272
<b>Non-current assets:</b>			
Property, plant and equipment	51,948	50,170	472,233
Intangible assets	1,544	1,115	10,495
Investments accounted for using the equity method	27,362	12,560	118,223
Other financial assets	16,869	18,290	172,157
Deferred tax assets	979	1,703	16,030
Other non-current assets	572	1,656	15,587
Total non-current assets	99,275	85,494	804,725
<b>Total assets</b>	<b>¥216,005</b>	<b>¥206,423</b>	<b>\$1,942,988</b>

Note: The accompanying consolidated financial statements are expressed in yen, and solely for the convenience of the reader, have been translated into U.S. dollars at the rate of 106.24 = U.S.\$1, the approximate rate of exchange prevailing at March 31, 2018. This translation should not be construed as a representation that all amounts shown could be converted into U.S. dollars at such rate.

## Consolidated Statement of Changes in Equity

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2018

	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance as of March 31, 2017	¥3,694	¥3,908	¥(526)	¥135,255	¥6,043	¥148,374	¥24,396	¥172,770
<b>Comprehensive income:</b>								
Profit (loss)	—	—	—	(8,717)	—	(8,717)	4,008	(4,708)
Other comprehensive income	—	—	—	—	120	120	(691)	(572)
Total comprehensive income	—	—	—	(8,717)	120	(8,597)	3,317	(5,280)
<b>Total transactions with owners:</b>								
Increase (decrease) in treasury shares	—	—	(0)	—	—	(0)	—	(0)
Dividends	—	—	—	(2,928)	—	(2,928)	(2,117)	(5,045)
Transfer from other components of equity to retained earnings	—	—	—	102	(102)	—	—	—
Total transactions with owners	—	—	(0)	(2,825)	(102)	(2,928)	(2,117)	(5,045)
Balance as of March 31, 2018	¥3,694	¥3,908	¥(526)	¥123,713	¥6,060	¥136,849	¥25,596	¥162,445

	Millions of yen		Thousands of U.S. dollars
LIABILITIES AND EQUITY	2017	2018	2018
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Trade payables	¥ 17,774	¥ 19,076	\$ 179,556
Borrowings	4,470	3,164	29,782
Other financial liabilities	5,362	4,765	44,851
Income tax payables	1,571	1,347	12,679
Provisions	879	2,052	19,315
Other current liabilities	4,812	4,705	44,287
Total current liabilities	34,868	35,110	330,478
<b>Non-current liabilities:</b>			
Borrowings	898	372	3,502
Other financial liabilities	2	1	9
Net defined benefit liability	2,450	2,726	25,659
Provisions	1,156	592	5,572
Deferred tax liabilities	3,296	3,614	34,017
Other non-current liabilities	566	1,563	14,712
Total non-current liabilities	8,367	8,869	83,481
<b>Total liabilities</b>	<b>43,235</b>	<b>43,978</b>	<b>413,950</b>
<b>Equity:</b>			
Capital stock	3,694	3,694	34,770
Capital surplus	3,908	3,908	36,785
Treasury shares	(526)	(526)	(4,951)
Retained earnings	135,255	123,713	1,164,467
Other components of equity	6,043	6,060	57,041
Total equity attributable to owners of the parent	148,374	136,849	1,288,112
Non-controlling interests	24,396	25,596	240,926
<b>Total equity</b>	<b>172,770</b>	<b>162,445</b>	<b>1,529,038</b>
<b>Total liabilities and equity</b>	<b>¥216,005</b>	<b>¥206,423</b>	<b>\$1,942,988</b>

	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance as of March 31, 2017	\$34,770	\$36,785	\$(4,951)	\$1,273,108	\$56,881	\$1,396,593	\$229,631	\$1,626,224
<b>Comprehensive income:</b>								
Profit (loss)	—	—	—	(82,050)	—	(82,050)	37,726	(44,315)
Other comprehensive income	—	—	—	—	1,130	1,130	(6,504)	(5,384)
Total comprehensive income	—	—	—	(82,050)	1,130	(80,921)	31,222	(49,699)
<b>Total transactions with owners:</b>								
Increase (decrease) in treasury shares	—	—	(0)	—	—	(0)	—	(0)
Dividends	—	—	—	(27,560)	—	(27,560)	(19,927)	(47,487)
Transfer from other components of equity to retained earnings	—	—	—	960	(960)	—	—	—
Total transactions with owners	—	—	(0)	(26,591)	(960)	(27,560)	(19,927)	(47,487)
Balance as of March 31, 2018	\$34,770	\$36,785	\$(4,951)	\$1,164,467	\$57,041	\$1,288,112	\$240,926	\$1,529,038

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥106.24=U.S.\$1, the approximate exchange rate as of March 31, 2018.



## Consolidated Statement of Income

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2017 and 2018

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
<b>Sales</b>	¥ 166,889	¥ 188,221	\$ 1,771,659
Cost of sales	(144,346)	(162,819)	(1,532,558)
<b>Gross profit</b>	22,543	25,402	239,100
Selling, general and administrative expenses	(10,139)	(11,051)	(104,019)
Other income	908	1,266	11,916
Other expenses	(1,035)	(2,455)	(23,108)
<b>Operating profit</b>	12,278	13,162	123,889
Finance income	1,728	1,676	15,776
Finance costs	(45)	(990)	(9,319)
Share of profit (loss) of entities accounted for using the equity method	(1,080)	(15,021)	(141,387)
<b>Profit (loss) before income tax</b>	12,880	(1,173)	(11,041)
Income tax expense	(3,320)	(3,536)	(33,283)
<b>Profit (loss)</b>	¥ 9,560	¥ (4,708)	\$ (44,315)
Profit (loss) attributable to:			
Owners of the parent	5,385	(8,717)	(82,050)
Non-controlling interests	4,175	4,008	37,726
<b>Profit (loss)</b>	¥ 9,560	¥ (4,708)	\$ (44,315)
Earnings (losses) per share:			
Basic earnings (losses) per share (yen)	¥ 82.77	¥ (133.97)	\$ (1.26)

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥106.24=U.S.\$1, the approximate exchange rate as of March 31, 2018.

## Consolidated Statement of Comprehensive Income

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2017 and 2018

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
<b>Profit (loss)</b>	¥9,560	¥(4,708)	\$(44,315)
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss:			
Financial assets valued at fair value through other comprehensive income	1,028	1,182	11,126
Remeasurements of defined benefit plans	61	33	311
Other, net	14	33	311
Total other comprehensive income that will not be reclassified to profit or loss, net of taxes	1,102	1,248	11,747
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	(608)	(1,944)	(18,298)
Share of other comprehensive income of entities accounted for using the equity method	(246)	124	1,167
Total other comprehensive income that may be reclassified to profit or loss	(854)	(1,820)	(17,131)
Other comprehensive income, net of taxes	248	(572)	(5,384)
<b>Total comprehensive income</b>	¥9,808	¥(5,280)	\$(49,699)
Total comprehensive income attributable to:			
Owners of the parent	¥5,468	¥(8,597)	\$(80,921)
Non-controlling interests	4,340	3,317	31,222
Total comprehensive income	¥9,808	¥(5,280)	\$(49,699)

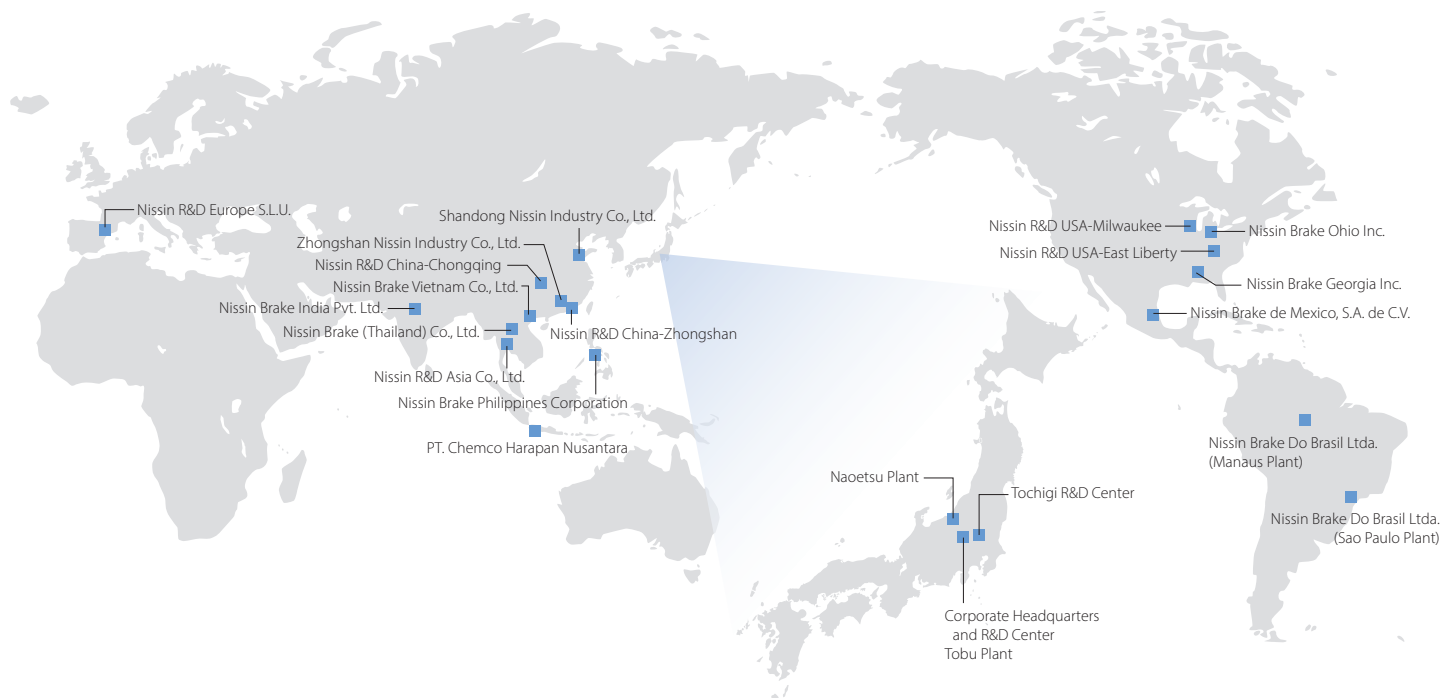
Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥106.24=U.S.\$1, the approximate exchange rate as of March 31, 2018.

# Consolidated Statement of Cash Flows

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2017 and 2018

		Millions of yen	Thousands of U.S. dollars
	2017	2018	2018
<b>Cash flows from operating activities:</b>			
Profit (loss) before income tax	¥ 12,880	¥ (1,173)	\$ (11,041)
Depreciation and amortization expense	8,422	9,638	90,719
Impairment loss	218	1,735	16,331
Finance (income) and costs	(1,274)	(1,573)	(14,806)
Share of (profit) loss of entities accounted for using the equity method	1,080	15,021	141,387
Increase (decrease) in provisions and net defined benefit liability	457	1,032	9,714
(Increase) decrease in trade and other receivables	4,940	(1,352)	(12,726)
(Increase) decrease in inventories	(140)	(2,018)	(18,995)
Increase (decrease) in trade and other payables	(4,256)	1,721	16,199
Other, net	918	326	3,069
Subtotal	23,246	23,358	219,861
Interest and dividends received	1,392	1,676	15,776
Interest paid	(55)	(77)	(725)
Income taxes (paid) refund	(15,609)	(3,112)	(29,292)
Net cash flows from (used in) operating activities	8,974	21,845	205,619
<b>Cash flows from investing activities:</b>			
Net (increase) decrease in time deposits	(2,578)	(2,332)	(21,950)
Purchase of property, plant and equipment	(11,035)	(10,192)	(95,934)
Proceeds from sale of property, plant and equipment	161	145	1,365
Purchase of intangible assets	(391)	(249)	(2,344)
Other, net	(49)	161	1,515
Net cash flows from (used in) investing activities	(13,892)	(12,467)	(117,348)
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term borrowings	(3,050)	(1,964)	(18,486)
Proceeds from long-term bank loans	—	777	7,314
Repayments of long-term bank loans	(513)	(475)	(4,471)
Dividends paid to owners of the parent	(2,928)	(2,928)	(27,560)
Dividends paid to non-controlling shareholders	(2,129)	(2,117)	(19,927)
Other, net	(8)	(3)	(28)
Net cash flows from (used in) financing activities	(8,628)	(6,710)	(63,159)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(962)	(539)	(5,073)
<b>Net increase (decrease) in cash and cash equivalents</b>	(14,508)	2,129	20,040
<b>Cash and cash equivalents at beginning of period</b>	53,049	38,541	362,773
<b>Cash and cash equivalents at end of period</b>	¥ 38,541	¥ 40,669	\$382,803

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥106.24=U.S.\$1, the approximate exchange rate as of March 31, 2018.



## [ Domestic ]

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Nagano 389-0514, Japan  
Tel: +81-268-63-1230 Fax: +81-268-63-1231

### Tochigi R&D Center

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Tochigi 321-0525, Japan  
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### Tobu Plant

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### Naoetsu Plant

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Niigata 942-0035, Japan  
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## [ Overseas ]

### SPAIN

#### Nissin R&D Europe S.L.U.

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### UNITED STATES

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#### Nissin Brake Georgia Inc.

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#### Nissin R&D USA-East Liberty

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#### Nissin R&D USA-Milwaukee

N8W22195 Johnson Dr, Suite 170, Waukesha, WI 53186, U.S.A.  
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### THAILAND

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### INDONESIA

#### PT. Chemco Harapan Nusantara

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### PHILIPPINES

#### Nissin Brake Philippines Corporation

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### CHINA

#### Shandong Nissin Industry Co., Ltd.

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Shandong Province, China  
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#### Zhongshan Nissin Industry Co., Ltd.

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Fax: +86-760-85338331

#### Nissin R&D China-Zhongshan

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### VIETNAM

#### Nissin Brake Vietnam Co., Ltd.

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### BRAZIL

#### Nissin Brake Do Brasil Ltda. (Mauaus Plant)

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#### Nissin Brake Do Brasil Ltda. (Sao Paulo Plant)

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### MEXICO

#### Nissin Brake de Mexico, S.A. de C.V.

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### INDIA

#### Nissin Brake India Pvt. Ltd.

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Tel: +91-1494-246733

# Corporate Data

(As of March 31, 2018)

**Name:** Nissin Kogyo Co., Ltd.

**Established:** October 1953

**Paid-In Capital:** ¥3,694 million

**Employees:** 9,880

## Directors and Corporate Auditors:

(As of June 15, 2018)

### President

Yasushi Kawaguchi

### Executive Director

Junya Takei

### Managing Director

Kenji Terada

### Directors

Kazuya Sato

Yuichi Ichikawa

Takayoshi Shinohara

Keiichi Kobayashi

Aiji Yamanaka

Jiro Miyashita

Masataka Fukui

### Statutory Corporate Auditors

Kiyoshi Sakashita

Takanobu Watanabe

### Corporate Auditors

Hiroyuki Negishi

Heiji Saito

**Total Shares Issued and Outstanding:** 65,452,143

**Number of Shareholders:** 15,897

**Stock Listing:** Tokyo Stock Exchange, First Section

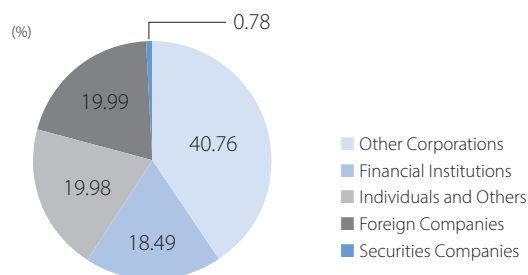
**Stock Code:** 7230

## Transfer Agent:

Sumitomo Mitsui Trust Bank, Limited

1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan

## Shareholdings by Shareholder Type:



## Principal Shareholders:

Name	Shareholding (Thousands of shares)	Percentage of total shares outstanding (%)
Honda Motor Co., Ltd.	22,682	34.86
Daishin Sangyo Co., Ltd.	3,398	5.22
Japan Trustee Services Bank, Ltd. (Trust Account)	2,965	4.55
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,149	3.29
Naoya Miyashita	1,963	3.01
State Street Bank & Trust Company	1,924	2.95
Northern Trust Co. (AVFC) RE-HCR00	929	1.42
MSCO Customer Securities	896	1.37
Japan Trustee Services Bank, Ltd. (Trust Account 9)	813	1.24
Japan Trustee Services Bank, Ltd. (Trust Account 5)	776	1.19



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