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**I N V E S T O R S '  
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**NICHIRIN**

**2017**

**NICHIRIN CO., LTD.**

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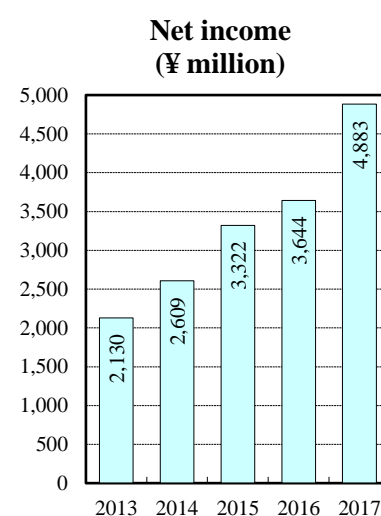
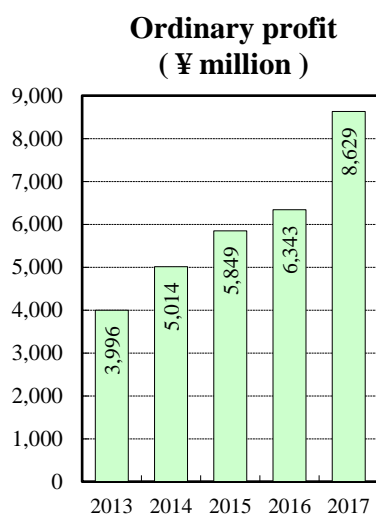
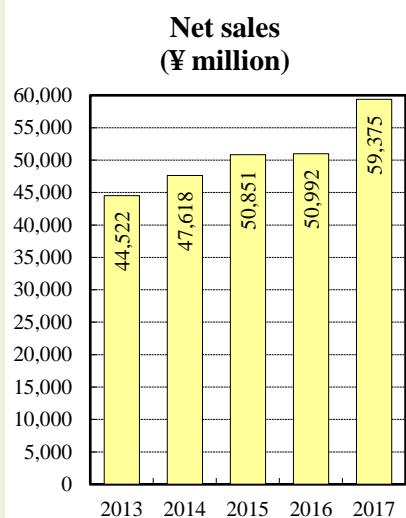
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## Financial Highlights

[in ¥million]

As of December 31	2013	2014	2015	2016	2017
<b>Consolidated</b>					
Net sales	44,522	47,618	50,851	50,992	59,375
Ordinary profit	3,996	5,014	5,849	6,343	8,629
Net income for the period	2,130	2,609	3,322	3,644	4,883
Shareholder's equity	19,051	22,662	25,788	29,100	34,745
Total assets	39,461	43,235	45,066	48,886	55,663
Shareholder's equity per share [Yen]	1,441.87	1,713.55	1,990.84	1,714.73	2,057.51
Net income per share [Yen]	210.81	236.31	301.00	253.93	340.28
Net cash used in operating activities	3,945	3,988	5,481	5,670	7,228
Net cash used in investment activities	(1,824)	(1,543)	(1,388)	(2,214)	(2,276)
Net cash provided by financing activities	(134)	(1,681)	(1,503)	(1,257)	(1,421)
Cash and cash equivalents at end of period	6,141	7,426	9,762	11,782	15,334



[in ¥million]

As of December 31	2013	2014	2015	2016	2017
<b>Non-consolidated</b>					
Net sales	28,297	28,576	28,709	28,761	31,629
Ordinary profit	2,198	2,351	2,643	2,038	3,712
Net income for the period	1,503	1,718	2,057	1,570	2,910
Capital stock	2,158	2,158	2,158	2,158	2,158
Share outstanding [thousands of shares]	10,050	11,055	11,055	11,055	11,055
Shareholder's equity	12,048	13,421	15,621	16,732	19,539
Total assets	28,808	30,074	30,835	31,597	34,921
Shareholder's equity per share [Yen]	1,091.15	1,215.70	1,415.12	1,165.97	1,361.61
Dividends per share [Yen]	16.00	22.00	28.00	34.00	48.00
Net income per share [Yen]	148.73	155.63	186.34	109.45	202.80
Dividends payout ratio [%]	9.8	14.1	15.0	23.9	23.7

## Financial Statements

### Consolidated Balance Sheets

As of December 31	2016	2017	2017
	Amount in ¥million	Amount in ¥million	Amount in US\$million
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	13,099	16,493	146
Notes and accounts receivable–trade	10,060	12,167	108
Merchandise and finished goods	2,175	2,338	21
Work in process	2,878	2,864	25
Raw materials and supplies	1,772	2,029	18
Deferred tax assets	401	413	4
Others	1,819	1,579	14
Allowance for doubtful accounts	(65)	(99)	(1)
<b>Total current assets</b>	<b>32,142</b>	<b>37,787</b>	<b>334</b>
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
Building and structures, net	3,778	3,965	35
Machinery, equipment and vehicles, net	4,318	5,009	44
Land	3,689	3,560	31
Construction in progress	666	707	6
Others	402	447	4
<b>Total property, plant and equipment</b>	<b>12,856</b>	<b>13,690</b>	<b>121</b>
<b>Intangible assets</b>			
Goodwill	198	159	1
Others	245	232	2
<b>Total intangible assets</b>	<b>444</b>	<b>392</b>	<b>3</b>
<b>Investments and other assets</b>			
Investment securities	2,782	3,237	29
Deferred tax assets	162	114	1
Others	500	441	4
Allowance for doubtful accounts	(2)	(1)	0
<b>Total investments and other assets</b>	<b>3,442</b>	<b>3,792</b>	<b>34</b>
<b>Total non-current assets</b>	<b>16,743</b>	<b>17,875</b>	<b>158</b>
<b>Total assets</b>	<b>48,886</b>	<b>55,663</b>	<b>492</b>

As of December 31	2016 Amount in ¥million	2017 Amount in ¥million	2017 Amount in US\$million
<b>Liabilities</b>			
<b>Current liabilities</b>			
Notes and accounts payable-trade	9,251	10,195	90
Current portion of long-term loans payable	955	862	8
Income taxes payable	445	949	8
Provision for bonuses	86	104	1
Others	2,388	2,105	19
<b>Total current liabilities</b>	13,128	14,217	126
<b>Long-term liabilities</b>			
Long-term loans payable	1,793	1,658	15
Deferred tax liabilities for land revaluation	824	787	7
Deferred tax liabilities	506	832	7
Provision for directors' retirement benefits	23	2	0
Net defined benefit liability	3,132	3,129	28
Others	377	288	3
<b>Total long-term liabilities</b>	6,657	6,699	59
<b>Total liabilities</b>	19,785	20,917	185
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Capital stock	2,158	2,158	19
Capital surplus	2,083	2,083	18
Retained earnings	16,972	21,540	191
Treasury stock	(10)	(11)	0
<b>Total shareholders' equity</b>	21,202	25,770	228
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities	1,202	1,497	13
Revaluation difference on land	1,870	1,786	16
Remeasurements of defined benefit plans	(201)	(130)	(1)
Foreign currency translation adjustment	533	601	5
<b>Total accumulated other comprehensive income</b>	3,404	3,755	33
<b>Minority interests</b>	4,493	5,220	46
<b>Total net assets</b>	29,100	34,745	307

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥113.05=U.S.\$1.

## Consolidated Statements of Income

Years ended December 31	2016 Amount in ¥million	2017 Amount in ¥million	2017 Amount in US\$million
Net sales	50,992	59,375	525
Cost of sales	38,702	44,430	393
Gross profit on sales	12,290	14,944	132
Total selling, general and administrative expenses	5,671	6,428	57
Operating income	6,618	8,516	75
Non-operating income			
Interest income	83	106	1
Dividend income	58	64	1
Share of profit of entities accounted for using equity method	13	5	0
Gain on sales of non-current assets	1	3	0
Gain on step acquisitions	41	—	—
Others	75	85	1
<b>Total non-operating income</b>	<b>273</b>	<b>266</b>	<b>2</b>
Non-operating expenses			
Interest expenses	41	32	0
Foreign exchange losses	389	75	1
Loss on sales of non-current assets	5	73	1
Loss on retirement of non-current assets	27	58	1
Others	74	42	0
<b>Total non-operating expenses</b>	<b>538</b>	<b>281</b>	<b>2</b>
Ordinary income	6,343	8,629	76
Income before income taxes and minority interests	6,353	8,499	75
Income taxes – current	1,507	2,041	18
Income taxes for prior periods	(177)	—	—
Income taxes – deferred	420	166	1
<b>Total income taxes</b>	<b>1,750</b>	<b>2,207</b>	<b>20</b>
Income before minority interests	4,602	6,292	56
Minority interests in income	958	1,409	12
Net income	3,644	4,883	43

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥113.05=U.S.\$1.

## Consolidated Statements of Cash Flows

Years ended December 31	2016	2017	2017
	Amount in ¥million	Amount in ¥million	Amount in US\$million
<b>Net cash used in operating activities</b>			
Income before income taxes and minority interestst	6,353	8,499	75
Depreciation	1,504	1,655	15
Increase (decrease) in provision for bonuses	(27)	16	0
Increase (decrease) in provision for directors' retirement benefits	2	(21)	0
Increase (decrease) in net defined benefit liability	42	68	1
Interest and dividend income	(142)	(171)	(2)
Interest expenses	41	32	0
Loss (gain) on sales and retirement of non-current assets	31	129	1
Amortization of goodwill	13	54	0
Loss (gain) on step acquisitions	(41)	—	—
Share of (profit) loss of entities accounted for using equity method	(13)	(5)	0
Decrease (increase) in notes and accounts receivable – trade	(1,076)	(1,936)	(17)
Decrease (increase) in inventories	(572)	(396)	(4)
Increase (decrease) in notes and accounts payable – trade	901	861	8
Increase (decrease) in accounts payable of changeover to defined contribution pension plan	(53)	(40)	0
Others	100	(165)	(1)
<b>Subtotal</b>	7,064	8,582	76
Interest and dividend income received	142	170	2
Interest expenses paid	(42)	(31)	0
Income taxes refund	22	182	2
Income taxes paid	(1,515)	(1,676)	(15)
<b>Net cash provided by (used in) operating activities</b>	5,670	7,228	64
<b>Cash flows from investing activities</b>			
Net decrease (increase) in time deposits	(231)	232	2
Purchase of property, plant and equipment	(1,772)	(2,482)	(22)
Proceeds from sales of property, plant and equipment	21	72	1
Payments for retirement of property, plant and equipment	(0)	(1)	0
Purchase of investment securities	(27)	(29)	0
Payments of long-term loans receivable	(2)	(2)	0
Collection of long-term loans receivable	1	4	0
resulting in change in scope of consolidation	(182)	—	—
Others	(21)	(71)	(1)
<b>Net cash provided by (used in) investing activities</b>	(2,214)	(2,276)	(20)
<b>Cash flows from financing activities</b>			
Proceeds from long-term loans payable	800	800	7
Repayments of long-term loans payable	(1,106)	(1,027)	(9)
Cash dividends paid	(353)	(397)	(4)
Cash dividends paid to minority shareholders	(596)	(795)	(7)
Others	(0)	(1)	0
<b>Net cash provided by (used in) financing activities</b>	(1,257)	(1,421)	(13)
Effect of exchange rate change on cash and cash equivalents	(178)	20	0
Net increase (decrease) in cash and cash equivalents	2,020	3,551	31
Cash and cash equivalents at beginning of period	9,762	11,782	104
Cash and cash equivalents at end of period	11,782	15,334	136

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥113.05=U.S.\$1.

## Non-consolidated Balance Sheets

As of December 31	2016 Amount in ¥million	2017 Amount in ¥million	2017 Amount in US\$million
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	2,594	4,704	42
Notes receivable-trade	1,649	1,815	16
Accounts receivable-trade	5,598	6,097	54
Merchandise and finished goods	816	794	7
Work in process	347	370	3
Raw materials and supplies	267	291	3
Short-term loans receivable from subsidiaries and associates	265	32	0
Prepaid expenses	63	69	1
Accrued income	2,323	2,125	19
Deferred tax assets	78	114	1
Others	72	35	0
Allowance for doubtful accounts	(7)	(8)	0
<b>Total current assets</b>	14,070	16,445	145
<b>Fixed Assets</b>			
<b>Tangible fixed assets</b>			
Buildings	1,747	1,984	18
Structures	82	98	1
Machinery and equipment	1,179	1,584	14
Vehicles	1	5	0
Tools, furniture and fixtures	113	146	1
Land	3,328	3,204	28
Construction in progress	353	292	3
<b>Total property, plant and equipment</b>	6,806	7,315	65
<b>Intangible fixed assets</b>			
Software	96	93	1
Telephone subscription right	4	4	0
<b>Total intangible fixed assets</b>	101	98	1
<b>Investments and other assets</b>			
Investment securities	2,782	3,237	29
Shares of subsidiaries and associates	5,018	5,145	46
Investment in capital	1	1	0
Investments in capital of subsidiaries and associates	2,039	2,039	18
Long-term loans receivable from employees	6	3	0
Long-term loans receivable from subsidiaries and associates	147	115	1
Guarantee deposit	69	67	1
Deferred tax assets	312	208	2
Others	241	244	2
Allowance for investment evaluation	—	—	—
<b>Total investments and other assets</b>	10,620	11,062	98
<b>Total non-current assets</b>	17,527	18,476	163
<b>Total assets</b>	31,597	34,921	309



As of December 31	2016	2017	2017
	Amount in ¥million	Amount in ¥million	Amount in US\$million
<b>Liabilities</b>			
<b>Current liabilities</b>			
Notes payable-trade	4,238	4,614	41
Accounts payable-trade	2,510	2,702	24
Current portion of long-term loans payable	955	862	8
Accounts payable-other	976	674	6
Income taxes payable	181	551	5
Accrued business office taxes	34	35	0
Accrued expenses	66	94	1
Advances received	25	2	0
Deposit received	152	186	2
Provision for bonuses	66	71	1
Notes payable - facilities	7	1	0
Electronically recorded obligations-Facilities operatir	122	200	2
Accounts payable - facilities	150	134	1
Others	44	—	—
<b>Total current liabilities</b>	<b>9,535</b>	<b>10,131</b>	<b>90</b>
<b>Non-current liabilities</b>			
Long-term loans payable	1,793	1,658	15
Deferred tax liabilities for land revaluation	824	787	7
Long-term accounts payable-other	152	151	1
Provision for retirement benefits	2,559	2,652	23
<b>Total non-current liabilities</b>	<b>5,329</b>	<b>5,251</b>	<b>46</b>
<b>Total liabilities</b>	<b>14,865</b>	<b>15,382</b>	<b>136</b>
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Capital stock	2,158	2,158	19
Legal capital surplus	2,083	2,083	18
<b>Total capital surpluses</b>	<b>2,083</b>	<b>2,083</b>	<b>18</b>
Retained earnings			
Legal retained earnings	89	89	1
Other earned surplus			
Reserve for warranty claims	600	800	7
General reserve	6,827	7,827	69
Retained earnings brought forward	1,912	3,308	29
<b>Total Retained earnings</b>	<b>9,429</b>	<b>12,025</b>	<b>106</b>
Treasury shares	(10)	(11)	0
<b>Total shareholders' equity</b>	<b>13,659</b>	<b>16,254</b>	<b>144</b>
<b>Valuation and translation adjustments</b>			
Valuation difference on available-for-sale securities	1,202	1,497	13
Revaluation reserve for land	1,870	1,786	16
<b>Total valuation and translation adjustments</b>	<b>3,072</b>	<b>3,284</b>	<b>29</b>
<b>Total net assets</b>	<b>16,732</b>	<b>19,539</b>	<b>173</b>

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥113.05=U.S.\$1.

## Non-consolidated Statements of Income

Years ended December 31	2016 Amount in ¥million	2017 Amount in ¥million	2017 Amount in US\$million
Net sales	28,761	31,629	280
Cost of sales	23,847	25,508	226
Gross profit	4,914	6,121	54
Selling, general and administrative expenses	3,473	4,006	35
Operating income	1,440	2,114	19
<b>Non-operating income</b>			
Interest income	5	5	0
Dividend income	992	1,573	14
Rent income	17	15	0
Foreign exchange gains	—	17	0
Others	16	17	0
<b>Total non-operating income</b>	1,031	1,629	14
<b>Non-operating expenses</b>			
Interest expenses	30	22	0
Foreign exchange losses	377	—	—
Others	26	9	0
<b>Total non-operating expenses</b>	434	32	0
Ordinary income	2,038	3,712	33
<b>Extraordinary income</b>			
Gain on sales of non-current assets	0	0	0
<b>Total extraordinary income</b>	0	0	0
<b>Extraordinary losses</b>			
Loss on sales of non-current assets	—	72	1
Loss on retirement of non-current assets	4	17	0
<b>Total extraordinary losses</b>	4	90	1
Income before income taxes	2,034	3,622	32
Income taxes – current	416	810	7
Income taxes for prior periods	(177)	—	—
Income taxes – deferred	223	(97)	(1)
<b>Total income taxes</b>	463	712	6
Net income	1,570	2,910	26

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥113.05=U.S.\$1.

## Corporate Data

### NICHIRIN CO., LTD.

<b>Headquarters:</b>	98-1 Edo-machi, Chuo, Kobe, Hyogo 650-0033 JAPAN Phone: 078-392-1471
<b>Himeji Factory:</b>	1118 Sazuchi, Bessho, Himeji, Hyogo 671-0224 JAPAN Phone: 079-252-4151
<b>Tokyo Branch:</b>	1-3-11 Shibaura, Minato, Tokyo 105-0023 JAPAN Phone: 03-5476-8050
<b>Capital Stock:</b>	¥2,158,000,000
<b>Common Stock:</b>	Authorized 35,200,000 shares Issued 11,055,000 shares
<b>Incorporated:</b>	March 8, 1924
<b>Listing:</b>	August 7, 1997 Tokyo Securities Exchange, Second section [Code:5184]
<b>Operation:</b>	Sales and manufacturing of rubber and plastic hose for automobile
<b>URL:</b>	<a href="http://www.nichirin.co.jp/">http://www.nichirin.co.jp/</a>

### Principal Shareholders

1. Taiyo Koko Co., Ltd.	2,537,932	22.9 %
2. Sojitz Corporation	880,000	7.9 %
3. Japan Trustee Services Bank, Ltd.	583,300	5.2 %
4. BNP Paribas Securities Services Luxembourg / Jasdec/Fim/Luxembourg Funds / Ucits Assets	530,000	4.7 %
5. Tokyo Century Corporation	365,860	3.3 %
6. Mizuho Bank, Ltd.	287,100	2.6 %
7. Nippon Fine Chemical Co., Ltd.	220,000	1.9 %
8. Mizuho Securities Co., Ltd.	150,540	1.3 %
9. Goldman Sachs International	149,060	1.3 %
10. Employees stock ownership plan.	124,671	1.1 %

### Overseas Company

**NICHIRIN NORTH AMERICA SALES** [<http://www.nichirincanada.com/>]  
20 Roy BLVD., Unit#28, Brantford, Ontario, N3R 7K2 CANADA

#### **NICHIRIN TENNESSEE INC.**

1620 Old Belfast Road, Lewisburg, TN 37091 U.S.A.

#### **NICHIRIN-FLEX U.S.A., INC.**

9600 Plaza Circle, El Paso, Texas, 79927 U.S.A.

#### **NICHIRIN COUPLER TEC MEXICO, S.A. de C.V.**

9835 Carretera Panamerica, Ciudad Juarez, CHI 32690 MEXICO

#### **NICHIRIN U.K. LTD**

Unit B, Hibernia Way, Stretford Motorway Estate Manchester, M32 0ZD UK

#### **SHANGHAI NICHIRIN AUTOMOBILE ACCESSORIES CO., LTD.**

351 Wuxing Road, Beical, Pudong, Shanghai, 201204 CHINA

#### **NICHIRIN RUBBER INDUSTRIAL(SHANGHAI) CO., LTD.**

Building No.2, No.333, Qianqiao Rd. Qingcun Town. Fengxian District, Shanghai, CHINA

#### **NICHIRIN VIETNAM CO., LTD.**

Lot No.B4, Quang Chau Industrial Park, Viet Yen District, Bac Giang Province VIETNAM

#### **PT.NICHIRIN INDONESIA**

Kawasan Industri Mitra Karawang Jl Mitra Timur 1 Blok C6 Parungmulya, Ciampel Karawang,  
41361, Jawa Barat INDONESIA

#### **NICHIRIN AUTOPARTS INDIA PVT., LTD.**

Plot No.155.Sector 6,IMT Manesar,Gurgaon,-122051, Haryana, INDIA

#### **NICHIRIN (THAILAND) CO., LTD.**

55/33 Mhutee 13, Navanakon, Paholyothin Road Klong Nueng, Klong Luang Patumtanee 12120  
THAILAND

#### **HUTCHINSON NICHIRIN BRAKE HOSES,S.L.**

Paratge la Pietat, s/n, Palamos (Gerona) SPAIN

**NICHIRIN**