

# Summary of Consolidated Financial Statements for the Nine Months Ended December 31, 2017

[Prepared under Japanese GAAP, UNAUDITED]

NISSIN FOODS HOLDINGS CO., LTD.

Stock code: 2897

Stock exchange listing: Tokyo

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Scheduled date of filing of quarterly report: February 6, 2018 (Japanese only)

Scheduled date of dividend payment: -

Preparation of supplementary documents: Yes

Holding of financial results meeting: Yes (Conference call for institutional investors and analysts) (Japanese only)

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

## 1. Consolidated Financial Results for the Nine Months of the FY2018 (April 1, 2017– December 31, 2017)

### (1) Operating Results

(% figures represent year-on-year changes)

Nine Months of	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY2018	386,743	+4.6	26,897	+23.8	32,038	+26.5	23,843	+19.9
FY2017	369,838	+6.4	21,718	-2.5	25,323	-8.2	19,893	-13.6

Note: Comprehensive income: 3Q of FY2018: ¥31,685million (up 581.5%); 3Q of FY2017: ¥4,649 million (down 82.9%)

Nine Months of	Net income attributable to owners of parent per share (primary)	Net income attributable to owners of parent per share (diluted)
	(¥)	(¥)
FY2018	229.01	227.89
FY2017	185.53	184.62

### (2) Financial Position

As of	Total assets	Total equity	Ratio of equity attributable to owners of parent to total assets
	(¥ million)	(¥ million)	(%)
December 31, 2017	582,899	390,883	62.6
March 31, 2017	537,180	353,517	63.5

Reference: Equity attributable to owners of parent as of Dec. 31, 2017: ¥364,839 million, as of Mar. 31, 2017: ¥341,057 million

## 2. Details of Dividends

	Cash dividend per share				
	End of the 1 <sup>st</sup> quarter	End of the 2 <sup>nd</sup> quarter	End of the 3 <sup>rd</sup> quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
FY2017	—	40.00	—	45.00	85.00
FY2018	—	45.00	—		
FY2018 (Fct.)				45.00	90.00

Note: Modifications to the dividend forecast published most recently: None

## 3. Forecasts of Consolidated Results for the FY2018 (April 1, 2017–March 31, 2018)

(% figures represent changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income attributable to owners of parent per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
FY2018	520,000	+4.9	34,000	+18.8	37,000	+12.6	24,500	+4.0	235.37

Note: Modifications to the forecast published most recently: None

**Notes :**

(1) Changes in principal subsidiaries during the nine months of FY2018 (changes in specified subsidiaries that resulted in changes in scope of consolidation): None

-Newly consolidated: None

-Excluded from consolidation: None

(2) Application of special accounting methods for quarterly consolidated financial statements: Yes

Note: Refer to “Application of special accounting methods for quarterly consolidated financial statements” on page 8 of this material for further information.

(3) Changes in significant accounting policy, procedure and presentation methods for consolidated financial statements:

1) Changes due to revisions of accounting standards: None

2) Changes other than 1): None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding (including treasury stock) as of the end of:

Nine months of FY2018	117,463,685 shares
FY2017	117,463,685 shares

2) Number of shares of treasury stock outstanding as of the end of:

Nine months of FY2018	13,329,649 shares
FY2017	13,373,235 shares

3) Average number of shares outstanding during the period of:

Nine months of FY2018	104,117,898 shares
Nine months of FY2017	107,221,848 shares

\* This Summary of Consolidated Financial Statements is not subject to the audit process.

\* Notes for proper use of forecasts and other remarks

Disclaimer regarding appropriate use of forecasts:

Forecasts contain forward-looking statements based on estimates made as of the day of release of these materials. Actual results may differ materially depending on a number of factors including but not limited to potential risks and uncertainties. Please refer to page 4 for “(3) Explanation Concerning Consolidated Forecasts.”

## Qualitative Information Concerning Nine Months Results

### (1) Qualitative Information Concerning Consolidated Business Results

During the nine months under review, the global economy generally recovered, although there was concern about uncertainties regarding policy operations in the United States and the growing geopolitical risk. In Western countries, economies showed signs of a pick up in consumer spending, reflecting a rise in stock prices as well as continued improvements in the employment and income situations. In Asia, the economy was on a recovery trend overall on the back of solid internal and external demand in emerging economies.

In Japan, the economy continued to show a moderate recovery, given signs of a rebound in capital spending as corporate earnings remained strong.

Under this environment, based on the “Medium-Term Management Plan 2021,” of which term covers five years from the fiscal year ending March 31, 2017, to realize the improvements of “Earning power through operations” and “Value in capital markets,” we are working on the strategic themes such as 1) Promoting global branding, 2) Focusing on priority overseas locations, 3) Laying stronger foundations for our domestic profit base, 4) Establishing a second pillar that generates revenue and profit, 5) Developing and strengthening human resources for global management.

The following is an overview of consolidated results:

Consolidated results

(¥ million)

	Nine Months of FY2017	Nine Months of FY2018	Year on year	
			Amount	%
Net sales	369,838	386,743	+16,905	+4.6
Operating income	21,718	26,897	+ 5,179	+23.8
Ordinary income	25,323	32,038	+ 6,714	+26.5
Net income attributable to owners of parent	19,893	23,843	+ 3,950	+19.9

The following is an overview of performance by reportable segment:

Net sales by reportable segment

(¥ million)

	Net sales		Year on year	
	Nine Months of FY2017	Nine Months of FY2018	Amount	%
NISSIN FOOD PRODUCTS	171,990	175,644	+ 3,653	+ 2.1
MYOJO FOODS	30,618	30,884	+ 266	+ 0.9
Chilled and frozen foods	46,557	48,298	+ 1,740	+ 3.7
The Americas	43,226	47,110	+ 3,884	+ 9.0
China	26,072	31,570	+ 5,498	+21.1
Other* <sup>1</sup>	51,372	53,234	+ 1,861	+ 3.6
Total	369,838	386,743	+16,905	+ 4.6

Segment operating income by reportable segment

(¥ million)

	Segment operating income or loss		Year on year	
	Nine Months of FY2017	Nine Months of FY2018	Amount	%
NISSIN FOOD PRODUCTS	21,158	22,311	+ 1,152	+ 5.4
MYOJO FOODS	1,097	1,781	+ 684	+ 62.4
Chilled and frozen foods	1,757	1,784	+ 27	+ 1.6
The Americas	1,057	1,701	+ 644	+ 61.0
China	2,151	2,293	+ 142	+ 6.6
Other* <sup>1</sup>	2,901	1,560	- 1,340	- 46.2
Total	30,122	31,433	+ 1,311	+ 4.4
Reconciliations	(8,403)	(4,536)	+ 3,867	—
Consolidated	21,718	26,897	+ 5,179	+ 23.8

\*1: “Other” includes business segments not included in reportable segments such as domestic confectionary, domestic beverages, Europe and Asia.

(i) NISSIN FOOD PRODUCTS

The sales of NISSIN FOOD PRODUCTS Co., Ltd. increased year on year with a rise in sales of cup-type noodles and instant rice products, despite the effects of the weak market for bag-type noodle products.

In cup-type noodles, sales of the *CUP NOODLE* series remained steady, including *CUP NOODLE NICE*, a product line featuring a rich soup that was launched in April 2017, distinguished by 50% less fat, 40% less carbohydrates, and only 178 kilocalories. The *NISSIN MENSHOKUNIN* series, which was renewed in August 2017, also remained strong. In bag-type noodle products, the *OWAN* series, which was released in September 2017 featuring the concept of “noodle soup in the amount of one *Owan* bowl volume suitable to serve as an extra side dish!”, contributed to an increase in sales.

In the category of instant rice products, sales of *CURRY MESHI* continued to do well. Meanwhile, the enhanced lineup of products that need only hot water to cook them, such as the *BUKKOMI MESHI* series and the *NIHON MESHI* series, contributed to the sales growth.

(ii) MYOJO FOODS

Looking at sales of MYOJO FOODS Co., Ltd, the *Myjo Charumera* series of bag-type noodles continue to post year-on-year growth in sales. In cup-type noodles, the *Myjo Bubuka* series and the *Myjo Charumera Cup* series remained strong. In addition, sales of the *Myjo Ipppeichan Yomise-no-Yakisoba* series showed signs of recovery. As a result, sales of instant noodles as a whole increased year on year.

(iii) Chilled and frozen foods

At NISSIN CHILLED FOODS Co., Ltd., sales of ramen products remained steady, mainly due to the effects of the renewal of *Ramenya-san*, a core brand. However, sales declined overall year on year, reflecting the effects of a decrease in sales of fried noodle products due to sluggish demand and challenging market conditions.

NISSIN FROZEN FOODS Co., Ltd. saw steady sales, mainly led by pasta and ramen products with precooked ingredients. In pasta products, profit rose as the *Reito NISSIN Mochitto Nama Pasta* series, including *Creamy Bolognese with minced beef and maitake mushroom*, continued to post strong sales. As for ramen products with precooked ingredients, products such as *Reito NISSIN Chuka Shirunashi Tan Tan Men* and *Reito NISSIN GooTa Lajao Tan Tan Men* remained solid, registering an increase in sales.

(iv) The Americas

The Americas is working on creating value-added markets as well as empowering existing products to become less susceptible to the effects of price competition. In this situation, it had renewed *CUP NOODLES* in the U.S. and Brazil in September 2016. In addition, the release of high quality *CUP NOODLES* in the United States contributed to an increase in sales, and consequently, overall segment sales for the Americas grew.

(v) China

In China, the instant noodle market has bottomed out in mainland China, and the market for high-end products is expanding. In this environment, the Group worked to expand its geographical sales area (the north, northeast, and southwest areas) and strengthen *CUP NOODLES* in China. Meanwhile, the *Demae Iccho* remained strong in both the Hong Kong area and mainland China. In addition, MC Marketing & Sales (Hong Kong) Limited, which became a consolidated subsidiary in the fourth quarter of the previous fiscal year, contributed to the increase in sales.

**(2) Analysis of Financial Position**

Note: Refer to pages from 5 to 6 for further information.

**(3) Explanation Concerning Consolidated Forecasts**

The full-year forecasts of the consolidated financial results for the fiscal year ending March 2018 remain unchanged from the forecasts that were announced on May 12, 2017. Any necessary revision of the performance forecasts will be announced promptly in the future.

# Consolidated Financial Statements

## 1. Consolidated Balance Sheets

(¥ million)

	FY2017 As of March 31, 2017	FY2018 As of December 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	70,919	60,729
Notes and accounts receivable-trade	65,290	77,606
Marketable securities	1,155	652
Finished goods and merchandise	12,697	14,244
Raw materials and supplies	16,209	16,495
Others	11,999	16,130
Less: Allowance for doubtful receivables	(385)	(393)
Total current assets	177,887	185,465
Fixed assets		
Tangible fixed assets		
Building and structures, net	60,936	65,754
Machinery, equipment and vehicles, net	50,689	59,169
Land	52,748	52,965
Others, net	23,639	39,574
Total tangible fixed assets	188,013	217,463
Intangible fixed assets		
Goodwill	30,464	28,163
Others	13,606	12,138
Total intangible fixed assets	44,070	40,302
Investments and other assets		
Investments in securities	120,136	133,284
Net defined benefit asset	335	362
Others	6,868	6,199
Less: Allowance for doubtful accounts	(132)	(177)
Total investments and other assets	127,208	139,668
Total fixed assets	359,293	397,434
Total assets	537,180	582,899

(¥ million)

	FY2017 As of March 31, 2017	FY2018 As of December 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	51,705	60,474
Short-term borrowings	18,450	13,041
Accrued payables	32,961	36,315
Accrued income taxes	7,926	5,242
Others	24,804	25,644
Total current liabilities	135,847	140,717
Long-term liabilities		
Long-term debt	15,867	15,666
Liability for retirement benefits	7,346	7,192
Others	24,601	28,438
Total long-term liabilities	47,815	51,298
Total liabilities	183,662	192,015
<b>Equity</b>		
Shareholders' equity		
Common stock	25,122	25,122
Capital surplus	49,823	51,233
Retained earnings	308,074	322,627
Less: Treasury stock, at cost	(58,190)	(58,003)
Total shareholders' equity	324,830	340,980
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	23,794	32,114
Deferred gain (loss) on hedges	-	1
Land revaluation reserve	(6,382)	(6,382)
Foreign currency translation adjustments	(1,403)	(1,907)
Accumulated adjustment for retirement benefits plans	218	32
Total accumulated other comprehensive income	16,227	23,859
Stock acquisition rights	1,626	1,822
Non-controlling interests	10,833	24,221
Total equity	353,517	390,883
Total liabilities and equity	537,180	582,899

## 2. Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(¥ million)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	369,838	386,743
Cost of sales	201,438	210,599
Gross profit	168,399	176,144
Selling, general and administrative expenses	146,681	149,247
Operating income	21,718	26,897
Non-operating income		
Interest income	633	893
Dividend income	1,353	1,326
Gain on sales of marketable securities	1,332	888
Equity in earnings of affiliates	1,178	1,963
Others	609	1,097
Total non-operating income	5,107	6,170
Non-operating expenses		
Interest expense	282	332
Foreign exchange loss	787	39
Commission fee	267	217
Others	164	440
Total non-operating expenses	1,501	1,029
Ordinary income	25,323	32,038
Extraordinary gains		
Gain on sales of fixed assets	109	759
Gain on sales of investments in securities	6,828	1,093
Insurance proceeds	264	431
Others	71	34
Total extraordinary gains	7,274	2,319
Extraordinary losses		
Loss on sales of fixed assets	92	404
Loss on disposal of fixed assets	178	218
Impairment loss	589	186
Loss due to a fire	493	-
Loss on valuation of investment securities	-	117
Loss on valuation of stocks of subsidiaries and affiliates	408	184
Settlement payout due to contract change	585	-
Loss on closing factory	512	90
Others	113	275
Total extraordinary losses	2,973	1,477
Income before income taxes	29,625	32,880
Total income taxes	9,567	9,012
Net income	20,057	23,867
Net income attributable to non-controlling interests	164	24
Net income attributable to owners of parent	19,893	23,843

## (Consolidated Statements of Comprehensive Income)

(¥ million)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net income	20,057	23,867
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(18,982)	8,189
Deferred gain (loss) on hedges	261	1
Land revaluation reserve	(56)	-
Foreign currency translation adjustments	3,280	(461)
Adjustments of retirement benefit plans	2,371	(212)
Share of other comprehensive income (loss) of entities accounted for by the equity method	(2,283)	300
Total other comprehensive income (loss)	(15,408)	7,817
Comprehensive income (loss)	4,649	31,685
Total comprehensive income (loss) attributable to:		
Owners of parent	4,665	31,475
Non-controlling interests	(16)	209

### 3. Notes to Consolidated Quarterly Financial Statements

(Going concern assumption)

There was no applicable factor.

(Notes on material changes in shareholders' equity's state)

NISSIN FOODS COMPANY Limited, a subsidiary of the Company in charge of overall control of China business (including those conducted in Hong Kong area), was listed on the Main Board of the Stock Exchange of Hong Kong Limited on December 11, 2017, and issued new shares. As a result, the capital surplus increased ¥1,410 million during the nine months under review and stood at ¥51,233 million at the end of the third quarter of the consolidated fiscal year under review.

(Application of special accounting methods for quarterly consolidated financial statements)

Tax expense for the third quarter under review was calculated by multiplying quarterly income before income taxes by reasonably-estimated effective tax rate after reflecting deferred tax accounting for income before income taxes of the consolidated fiscal year including the third quarter under review.

(Additional information)

(Changes to matters related to the fiscal year end regarding consolidated subsidiaries)

When preparing its consolidated financial statements, the Company has traditionally followed its policy of using final or provisional financial statements prepared as of December 31 for seven consolidated subsidiaries including NISSIN FOODS ASIA PTE. LTD., making the necessary adjustments regarding important transactions conducted between the Company's consolidated fiscal year-end and their fiscal year-end. Effective from the first quarter under review, the Company has either changed the fiscal year-end to March 31 or adopted a new policy to undertake provisional account settlement on March 31 for those seven consolidated subsidiaries in order to ensure more appropriate disclosure regarding the consolidated financial statements.

Changes in profit or loss arising from the change implemented to the fiscal year-end during the period from January 1, 2017 to March 31, 2017 have been adjusted as part of the change in retained earnings.

## Segment Information

### 1. Net sales and income or loss by reportable segment:

#### Nine months ended December 31, 2016

(¥ million)

	NISSIN FOOD PRODUCT S	MYOJO FOODS	Chilled and frozen foods	The Americas	China	Subtotal	Others *1	Total	Reconciliations *2	Consolidated *3
Net sales										
Sales to third party	171,990	30,618	46,557	43,226	26,072	318,465	51,372	369,838	-	369,838
Intersegment sales	690	4,575	1,325	2	203	6,798	21,006	27,804	(27,804)	-
Total	172,681	35,194	47,883	43,228	26,275	325,263	72,378	397,642	(27,804)	369,838
Segment income (loss)	21,158	1,097	1,757	1,057	2,151	27,221	2,901	30,122	(8,403)	21,718

(Notes)

- \*1. "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionary and beverages business, and overseas businesses in Europe and Asia.
- \*2. Operating income under "Reconciliations" amounted to minus ¥8,403 million, consisting of minus ¥3,274 million from retirement benefit expenses, minus ¥1,407 million from the amortization of goodwill, minus ¥225 million from elimination of intersegment transactions and minus ¥3,496 million from group expenses.
- \*3. Segment income is reconciled to operating income in the quarterly consolidated statement of income.

#### Nine months ended December 31, 2017

(¥ million)

	NISSIN FOOD PRODUCT S	MYOJO FOODS	Chilled and frozen foods	The Americas	China	Subtotal	Others *1	Total	Reconciliations *2	Consolidated *3
Net sales										
Sales to third party	175,644	30,884	48,298	47,110	31,570	333,509	53,234	386,743	-	386,743
Intersegment sales	735	4,229	1,265	3	260	6,494	21,183	27,677	(27,677)	-
Total	176,380	35,114	49,563	47,114	31,831	340,003	74,418	414,421	(27,677)	386,743
Segment income (loss)	22,311	1,781	1,784	1,701	2,293	29,873	1,560	31,433	(4,536)	26,897

(Notes)

- \*1. "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionary and beverages business, and overseas businesses in Europe and Asia.
- \*2. Operating income under "Reconciliations" amounted to minus ¥4,536 million, consisting of ¥462 million from retirement benefit expenses, minus ¥1,268 million from the amortization of goodwill, minus ¥230 million from elimination of intersegment transactions and minus ¥3,499 million from group expenses.
- \*3. Segment income is reconciled to operating income in the quarterly consolidated statement of income.

### 2. Asset by Reportable Segment

NISSIN FOODS COMPANY Limited, a subsidiary of the Company in charge of overall control of China businesses (including those conducted in Hong Kong area), was listed on the Main Board of the Stock Exchange of Hong Kong Limited and issued new shares in the third quarter of the consolidated fiscal year under review. As a result, assets in the China segment increased ¥13,354 million from the end of the previous consolidated fiscal year.