

ありがとう  
いんすたんと  
らあめん  
ろらじうめん





## Original Breakthrough

This is a success story that starts with a struggle.

When Momofuku Ando, the founder of the NISSIN FOODS Group, dreamed up the concept of instant noodles, it was because he believed that “Peace will come to the world when there is enough food.”

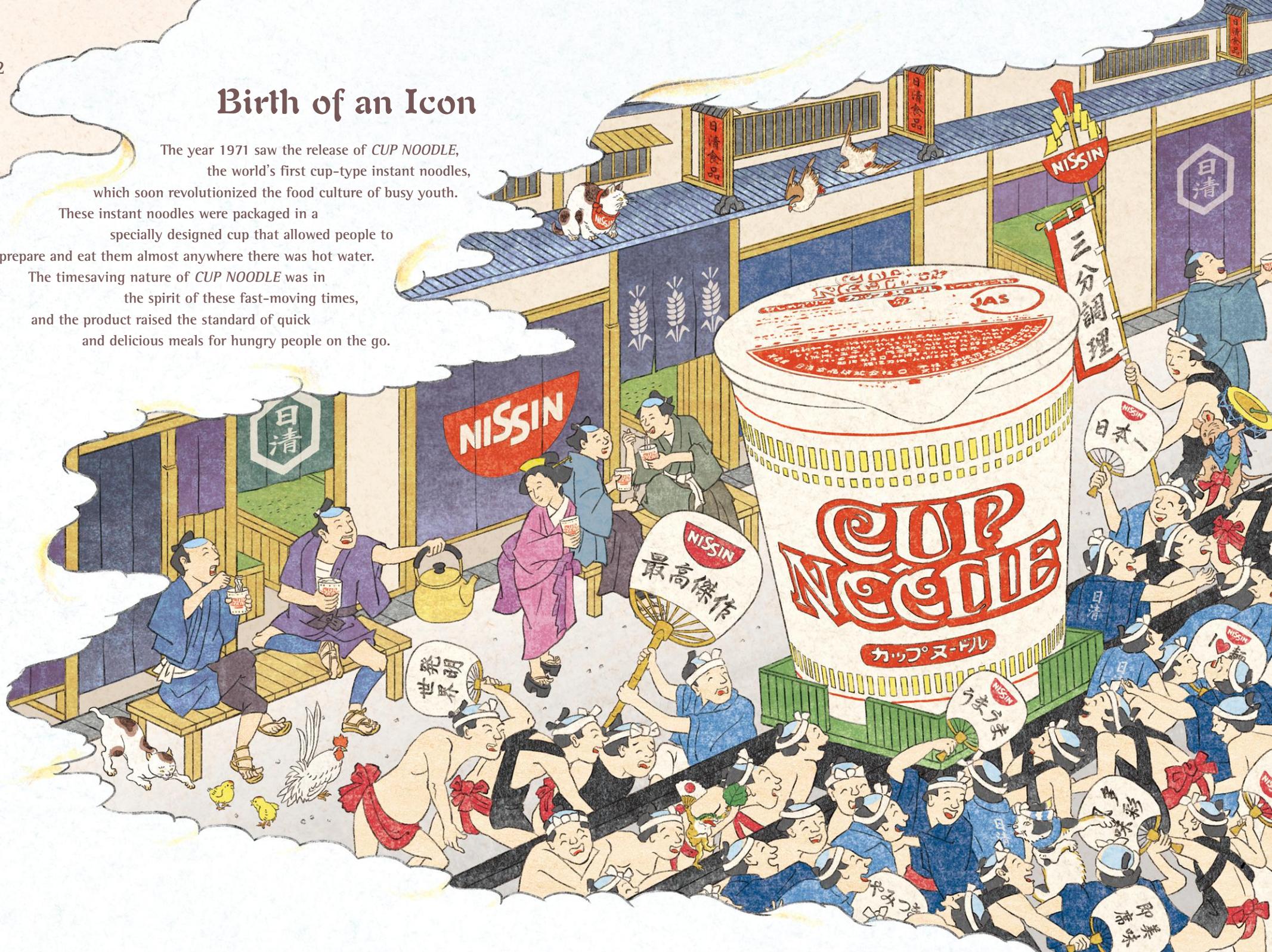
It took Ando about a year of experimenting to make his idea a reality, but in 1958, he invented the world’s first instant noodles, named *Chicken Ramen*.



## Birth of an Icon

The year 1971 saw the release of *CUP NOODLE*, the world's first cup-type instant noodles, which soon revolutionized the food culture of busy youth.

These instant noodles were packaged in a specially designed cup that allowed people to prepare and eat them almost anywhere there was hot water. The timesaving nature of *CUP NOODLE* was in the spirit of these fast-moving times, and the product raised the standard of quick and delicious meals for hungry people on the go.



## Embarking for New Shores

The No.1 brand in Japan, *CUP NOODLES* is also making waves internationally for its high quality and variety of flavors. We are reaching out to young people through digital marketing that resonates strongly with their interests. We are also responding to consumer health consciousness with the release of *CUP NOODLES* products that take those needs into account. Exploring new taste options could be key to helping *CUP NOODLES* become a truly global food.



## A Whole-planet Food

It has been 60 years since the creation of *Chicken Ramen*.

While the original still remains a classic favorite, the basic concept of instant noodles has also led to the development of a number of bestselling products that meet consumer needs all around the globe. Holding fast to the determination and knowledge that have brought us this far, we look to our hundredth anniversary with anticipation —as a company fueled by a creativity that never rests.



# A Lasting Impression

The NISSIN FOODS Group, which has its headquarters in Japan, is a food products maker whose business is centered on instant noodles and that handles a wide variety of frozen foods, chilled foods, cereal, confectionery, and beverages.

We desire to be an influence on global food culture. Perhaps in a similar way to how traditional *ukiyo-e* woodblock prints, Japan's dynamic "pictures of the floating world," left an indelible mark on the world's modern and contemporary art.

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代表取締役社長 CEO

安藤宏基

# The Instant Noodles Diamond Jubilee

Koki Ando

President & Representative Director  
CEO (Chief Executive Officer)

The year 2018 marks the 60-year milestone since the invention of *Chicken Ramen*, the world's first instant noodles. The company founder, Momofuku Ando, invented *Chicken Ramen* in 1958. He had witnessed people struggling to obtain food in the chaotic post-war period and undertook development of instant noodles out of the desire to do something beneficial for people and to engage in work that would make the world a better place. These thoughts were later expressed in the spirit of the founder as, "Peace will come to the world when there is enough food" (食足世平).

## CEO MESSAGE

The founder often said, “I’m not selling noodles. I’m providing time to our customers.” Our Group, now a general food products maker whose core business is instant noodles, has continuously grown and developed during the 60 years since the invention of instant noodles. I believe that the reason for this is that our Group has not merely sold food products, but rather has contributed to resolving social issues and delivered value to society by creating innovative products, an idea expressed by the founder as “Create foods to serve society” (食創為世).

In these rapidly changing times, corporate responsibility toward society is increasing year by year. I am aware that it is my duty as CEO to realize sustained corporate growth and enhance corporate value while helping resolve social issues and continuing to deliver value to society. The driving forces for this are innovation and marketing. To ensure that our Group continues to grow, we will continue to enhance our main brands, while also providing the world with food products that will surprise consumers.

### A Year of Solid Results

In the fiscal year ended March 31, 2018 (fiscal 2018), the second year of Medium-Term Business Plan 2021, our Group’s business performance continued to grow steadily, and we were able to deliver solid results toward achieving the plan’s targets.

Our Group has set out five strategies for achieving the targets in Medium-Term

Business Plan 2021. Promoting the global branding of *CUP NOODLES* is one of the most important themes among them. *CUP NOODLES* is a product with the potential to become a global brand, and I believe it has the power to realize that potential. Our Group has set a target for fiscal 2021 of increasing the overseas sales volume of *CUP NOODLES* by 50% from the fiscal 2016 level as an indicator of the globalization of *CUP NOODLES*. Since the foundation for growth has been laid during the past two years, I think our Group will be able to further accelerate growth in the coming years. Although until now our Group has offered localized flavors adapted to the food cultures and preferences of individual countries, as a *CUP NOODLES* globalization measure, our Group decided to launch *CUP NOODLES Seafood flavor* worldwide as a global flavor in 2016. It has been introduced to more than thirteen countries and regions to date. Most recently, sales commenced in the U.S. in October 2017, and in two medium-term business plan priority markets, India, in November 2017, and Brazil, in March 2018.

Construction of the new Kansai Plant is steadily proceeding, as part of our efforts toward stronger foundations for our domestic profit base. Our Group will also work to increase sales and improve profitability in the chilled/frozen food and beverage business as well as the confectionery business, with the aim of establishing a second pillar of revenue and profits in addition to the instant noodles business. Our Group is further developing and strengthening human resources for

global management and has newly recruited a German national as president of Nissin Foods GmbH in Germany.

Furthermore, since speedy decision-making is essential for doing business in China, a market that changes at a dizzying pace, in December 2017, our Group listed our China operations on the Hong Kong Stock Exchange to further strengthen our local ties in this market. I believe that the corporate value of our Group will further increase.

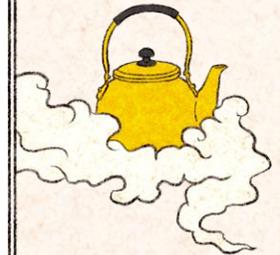
### Aiming to Realize Sustainable Growth and Create a Sustainable Society

Management that takes into consideration environment, society, and governance (ESG) issues continues to be of great importance. The Sustainable Development Goals (SDGs), adopted by the United Nations in 2015, are becoming a common language worldwide, and the international community has begun to act on making a sustainable society a reality. In July 2017, NISSIN FOODS HOLDINGS became a participant in the United Nations Global Compact, a global framework to achieve sustainable growth, and each day our Group searches for solutions through business activities to help achieve the SDGs.

With regard to environmental initiatives, the Group established the Basic Policy on Green Procurement in May 2007 and is promoting procurement of environmentally friendly raw materials. Our Group then incorporated the concept of sustainability into our business and established the NISSIN Group Policy on Sustainable Procurement in

### KEY STRATEGY THEMES TO ACHIEVE OUR TARGETS

- 1 **CUP NOODLES**  
Promoting global branding
- 2 **BRICs**  
Focusing on priority overseas locations
- 3 **Domestic Instant Noodles**  
Laying stronger foundations for our domestic profit base
- 4 **Other Products**  
Establishing a second pillar that generates revenue and profits
- 5 **Platforms**  
Developing and strengthening human resources for global management



September 2017. In accordance with this policy, NISSIN FOOD PRODUCTS joined the Roundtable on Sustainable Palm Oil\*1 (RSPO) in October 2017 and aims to be the first company in the Japanese instant noodles industry\*2 to procure certified palm oil.

With regard to the social component of ESG, instant noodles are a highly useful food product in times of emergency. When a major disaster occurs, our Group provides

## CEO MESSAGE

world food assistance in cooperation with the World Instant Noodles Association (WINA). Instant noodles are also a product that contributes to saving time and energy even in everyday circumstances. Our Group has contributed to society through its business activities, and I am confident that it can continue to benefit society in the future.

Our Group is also promoting smart work by changing conventional work styles and approaches to work, promoting diversity, and introducing robotic process automation (RPA) to realize productivity improvement. The objective is to shift employees to more creative projects and generate innovative ideas by increasing productivity. A company cannot hope to achieve sustained growth without creating new added value.

In the area of governance, our Group has reviewed the composition of the Board of Directors, established the Management Advisory Committee, and is further strengthening the oversight function of the Board of Directors. As a result, following discussions by the Management Advisory Committee and Board of Directors, including the outside directors, our Group decided to abolish the Takeover Defense Measures in December 2017 without waiting for the renewal deadline. I believe these changes represent significant accomplishments.

\*1 A non-profit membership organization that promotes the production and use of sustainable palm oil

\*2 First among the 37 instant noodle manufacturers that are members of the Japan Convenience Foods Industry Association, according to NISSIN FOODS HOLDINGS data (as of September 11, 2017)

### Realizing Ultimate Deliciousness through Health, Safety, and Peace of Mind

At a time of increasing health consciousness among consumers, our Group has introduced *CUP NOODLE NICE*, and *Teitoshitsumen*, which are products with low-carbohydrate and low-calorie noodles. Our technology for three-layer noodles makes it possible to incorporate a variety of nutrients into the middle layer of the noodle strands. I think that utilizing this technology, in accordance with the future needs of society, to add protein, vitamins, minerals, and other functional ingredients will enable the instant noodles business to advance to yet another new stage. This closely adheres to the founder's principle of "Eat wisely for beauty and health" (美健賢食).

The most important function of food products is the nutritional function that sustains life. However, meals taken solely for the sake of subsistence are seldom delicious or enjoyable. Assurance of food safety and the ability to enjoy meals with peace of mind contributes to ultimate deliciousness. Since its founding, our Group has considered the pursuit of food safety the most important management priority. For this reason, we work with a pure spirit in all areas of business from manufacturing to development, quality control, and sales; maintain a keen awareness of our role in contributing to society through food; and provide products that consumers can enjoy with peace of mind. These policies follow from the thought expressed by the founder

as "Food related jobs are a sacred profession" (食為聖職).

### Fulfilling Our Potential in the Eyes of the World

I am confident that our Group can achieve market capitalization of ¥1 trillion by continuing to produce results that exceed investor expectations. In developing a vision for achieving market capitalization of

¥1 trillion and subsequent growth, I will press ahead in my duties so that our Group can continue to create exciting value propositions.

Chief Executive Officer

*Koki Ando*

#### THE FOUNDER'S SPIRIT

食足世平

Shoku-soku  
Se-hei

Peace will come to  
the world when there  
is enough food

Food is the most important pillar supporting human life. People can discuss culture, art, and ideas only when they have sufficient food. If the supply of food is disrupted, a country is bound to decline and conflict invariably occurs. The business operations of the NISSIN FOODS Group originated from this basic human principle.

食創為世

Shoku-so  
I-sei

Create foods to  
serve society

A spirit of creativity is the most important thing of all for a company. Creativity means the power to create innovative products through new ideas and technologies. The NISSIN FOODS Group creates foods to serve society. We are creating a new food culture and providing people all over the world with happiness and inspiration.

美健賢食

Bi-ken  
Ken-shoku

Eat wisely for beauty  
and health

The desire to satisfy hunger and the taste buds is a common human instinct. However, it is not the only role of food. Food is also important for forming strong bodies and maintaining health. Since a beautiful, healthy body is the product of a sensible diet, the NISSIN FOODS Group pursues food functionality and advocates a wise diet.

食為聖職

Shoku-i  
Sei-shoku

Food related jobs are  
a sacred profession

Food production is an occupation that supports the very essence of life. For this reason, those who work in the food industry must have a pure spirit that inspires them to serve society and contribute to human health and world peace. Working with food is a sacred profession, and it is the mission of the NISSIN FOODS Group to provide the world with safe, delicious, healthy food.

# Steps Toward Our Centennial

## Noritaka Ando

Executive Vice President & Representative Director  
COO (Chief Operating Officer)  
President & Representative Director,  
NISSIN FOOD PRODUCTS CO., LTD.

In Japan, a market burdened with a declining population, NISSIN FOOD PRODUCTS has identified three strategic target user groups to maintain and expand the instant noodles market. These target groups are young people, who are the next generation of users; women, who are infrequent users; and seniors, whose consumption ratio is declining.

In fiscal 2018, we further reinforced brand communication that utilizes social media as a means of reaching out to young people. In addition, we increased the consumption rate of our products among women through meeting previously unmet needs, and introduced smaller portion products to maintain consumption by seniors as much as possible.



安藤 徳隆

日清食品(株)社長

代表取締役副社長COO

## COO MESSAGE

By releasing products tailored to our target users, our company stimulated demand, and as a result, total demand for instant noodles in Japan reached a record high for a third consecutive year, even as the population declined. I believe that our company fulfilled the role of energizing the market as is expected of the market leader. In addition, through the steady growth of our main brands, NISSIN FOOD PRODUCTS achieved revenue and profit increases and record-high net sales for a third consecutive year.

### Building a Century Brand

For fiscal 2019, there is no change to our basic policy of maintaining high profitability through the stable growth of our main brands, while simultaneously continuing a variety of outreach activities directed at the three strategic target user groups. One notable point, however, is that fiscal 2019 will be a touchstone year for the “Century Brand Company” concept that NISSIN FOOD PRODUCTS aspires to realize. This is because it is the 60th anniversary of the launch of *Chicken Ramen*, the brand on which the company was founded and built.

*Chicken Ramen*, the world’s first instant noodles, was created in 1958. Sixty years later, society and values have changed substantially, yet while many products and brands have failed to survive the changing times, *Chicken Ramen* remains a popular and appealing brand. We are further strengthening the *Chicken Ramen* brand in fiscal 2019 and aim to set a new net sales

record. This is not intended merely to achieve volume expansion. Our objective is to prove that further growth is possible for a strong brand even over a half century after its launch and, by extension, to prove that it is possible to realize the “Century Brand Company” concept. In so doing, we aim to further increase the messaging capabilities of our company and enhance our presence in the market.

### Smart Manufacturing

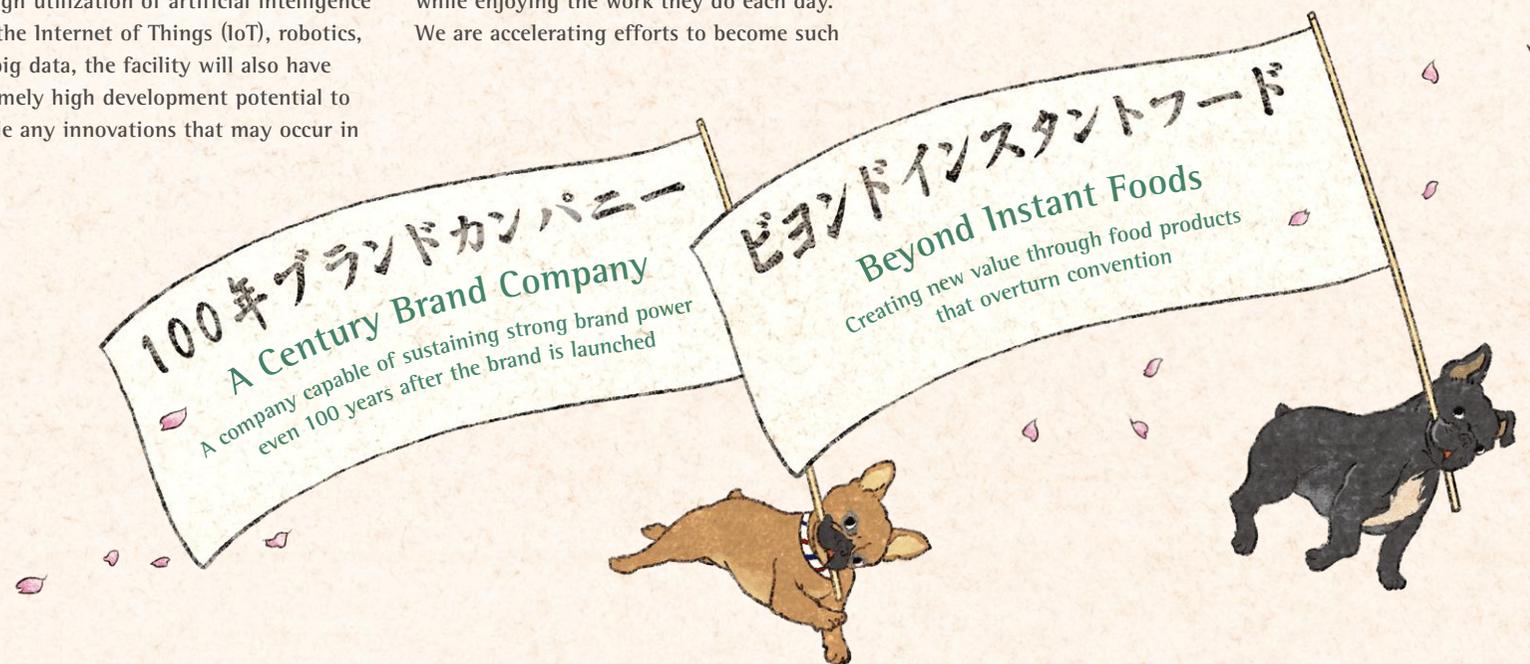
Another major topic in fiscal 2019 is completion of the first phase of the next-generation Kansai Plant. While the basic concept for the new plant is laborsaving through utilization of artificial intelligence (AI), the Internet of Things (IoT), robotics, and big data, the facility will also have extremely high development potential to handle any innovations that may occur in

the future. This will enable the plant to be updated with the latest technology, much like updating a smartphone app. Deploying technology that has been proven at this plant in other global plants in the future will enable the NISSIN FOODS Group’s production capability to contribute to competitive superiority and profitability improvement.

### Thinking Beyond Instant Foods

I want to make the Group the most unique of its kind in the world, by which I mean an organization that both appears intriguing from the outside and enables all its employees to realize personal growth while enjoying the work they do each day. We are accelerating efforts to become such

a place. Our employees are among the Group’s most important stakeholders. We must cultivate a creative, innovative culture that encourages employees with diverse values and abilities to feel engaged and motivated. Only then will we be able to overturn conventional notions about instant foods, the “Beyond Instant Foods” concept, and create products that can shape world food culture for future generations. I believe that the NISSIN FOODS Group will remain a sustainable business only by continuing to satisfy people around the world with the enjoyment and pleasure of food and continuing to provide new value to society.



# Guarding Future Corporate Value

Yukio Yokoyama

Director  
CFO (Chief Financial Officer)

I think the CFO has three major roles. One role is as a navigator, like a compass in corporate management, then as a gatekeeper, a keeper of corporate value, and as a business partner who supports the CEO and is responsible for management. In other words, the CFO constantly keeps track of numerical values and analyzes management decisions based on future environmental forecasts and the current situation. And while sharing information with the CEO, the CFO is required to take the initiative to build strategy and goals together with him.



取締役・CFO

横山之雄

## CFO MESSAGE

Meanwhile, it is also important to objectively evaluate customer value indicators (CVI) and corporate value. I think that it is necessary to manage and analyze business results as part of management monitoring. I am also in charge of investor relations for the purpose of correctly communicating the situation of the company to outside parties and appropriately feeding back the views of outside stakeholders to management. I think that IR work is important to the CFO in terms of ensuring the market can judge corporate value accurately.

In order to put these into practice, I emphasize personally visiting each operating company and grasping the actual situation at the work site level.

### Financial Performance in Fiscal 2018

In fiscal 2018, the NISSIN FOODS Group was able to steadily raise its financial performance and increase market capitalization. This success is the direct result of management clearly focusing on earning power through operations and our value in capital markets. These are two core concepts set out in the current medium-term business plan through fiscal 2021, which aims at achieving recognition as a global company and working toward market capitalization of ¥1 trillion. At the same time, I think that fiscal 2018 was also a year in which we clearly identified the challenges we must overcome to achieve these objectives.

The Group's overall financial

performance was solid in fiscal 2018, the second year of Medium-Term Business Plan 2021. Consolidated net sales exceeded the ¥500 billion milestone for the first time, with sales reaching record highs both in Japan and overseas.

Operating income increased overall. The instant noodles business and frozen foods business drove a profit increase in Japan, while profit overseas declined as a result of an increase in depreciation and amortization, partly attributable to new plant construction in China and the EMEA region, and steep increases in physical distribution costs and labor costs in the U.S.

Although the Group remains at the stage of upfront investment in Asia, our operations in some areas have reached the stage of recovery of invested capital. For instance, the Thailand operation has achieved a profit. Although the economic environment varies from country to country, we will seek further improvement in financial performance by steadily emphasizing product value.

Ordinary income and net income attributable to owners of parent both reached record highs. ROE was 8.2%, 0.2 points above the target in the medium-term business plan. Adjusted EPS was ¥272, and we maintained an average annual growth rate of 10% or higher.

### Capital Investments

Under Medium-Term Business Plan 2021, the Group has actively invested enterprise resources in Japan and overseas for the

purpose of productivity improvement, further strengthening of quality control, further development of the supply structure, including BCP measures, and further advancement of globalization.

In particular, the new Kansai Plant in Japan, which completed its first stage of construction in August, is the largest investment in the business plan. At the new plant, the Group will optimally balance people, IT systems, and facilities while pursuing maximum cost efficiency by utilizing state-of-the-art facilities and IoT technology, aim for laborsaving of 50% or more, and pursue cost reductions to exceed the amount of increase in depreciation resulting from plant construction. Furthermore, the Group will reduce environmental impacts through efficient use of energy and make improvements in product safety and cost competitiveness.

### Capital Policies

Our basic policy is to aim for sustained enhancement of shareholder value and maintain adequate shareholders' equity necessary for swiftly and reliably seizing expanding business opportunities. I will appropriately review the necessary level of equity while considering its sufficiency in comparison to the risks associated with business activities. Shareholders' equity in fiscal 2018 increased by ¥21.5 billion to ¥346.3 billion, the equity ratio was 64.5%, and ROE was 8.2%.

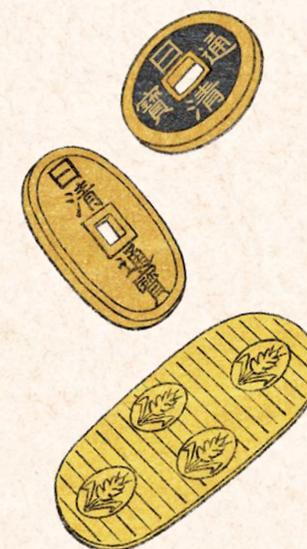
Under our shareholder-oriented policy on shareholder returns, the Group is aiming for

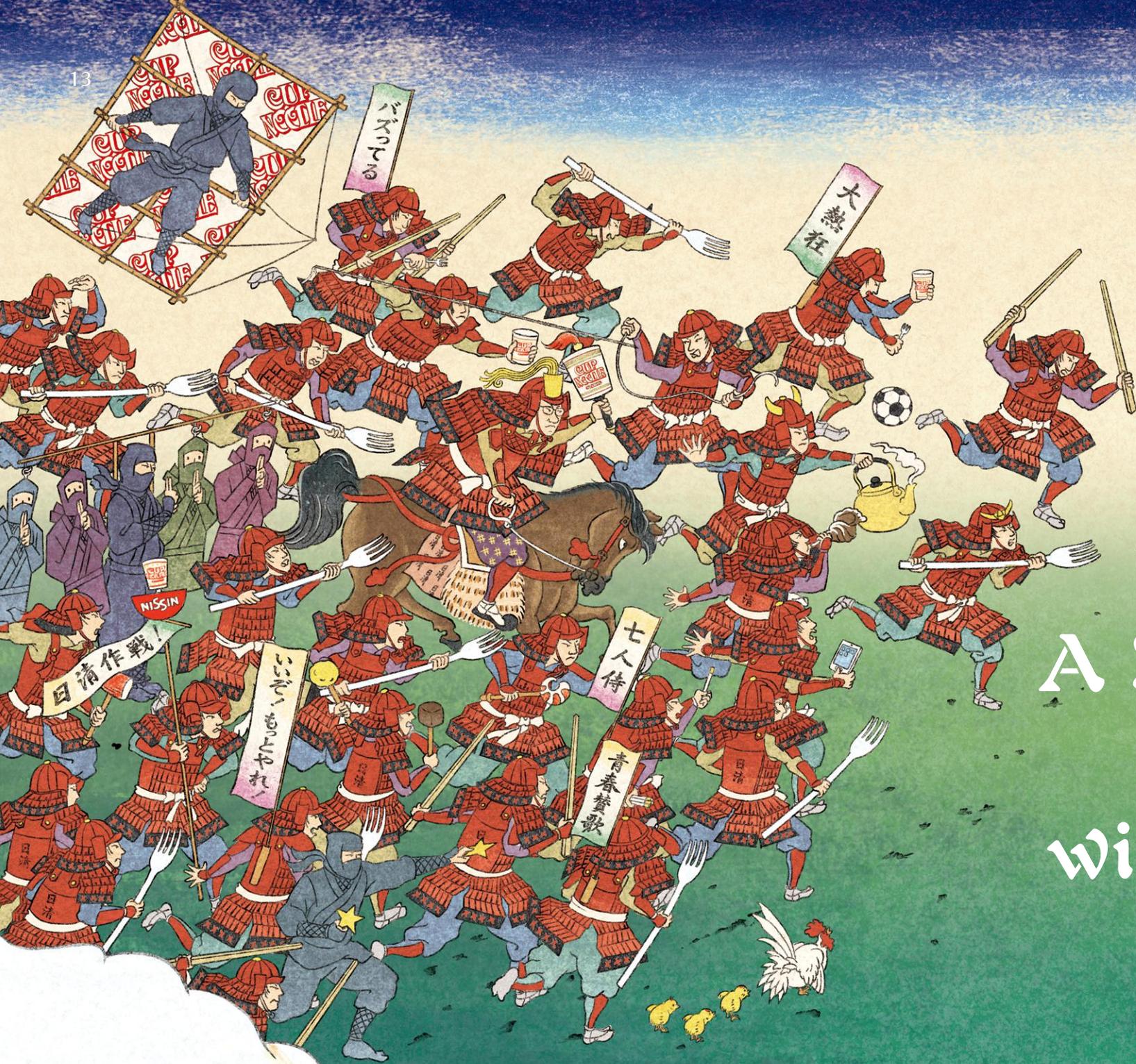
an average payout ratio of 40% or higher during the term of the medium-term business plan. Full-year cash dividends for fiscal 2018 were ¥90 per share, and we plan to pay full-year cash dividends of ¥110 per share for fiscal 2019. The Group will work to achieve an average payout ratio of 40% during the term of the medium-term business plan. As part of shareholder returns, in May 2018, the Group cancelled shares equivalent to approximately 10% of issued shares. We will continue to flexibly undertake share repurchases, taking into account the management and business environment.

### Introduction of IFRS

Since the Group aims to achieve recognition as a global company, the globalization of accounting standards is an objective in the medium-term business plan. For this reason, the Group has applied International Financial Reporting Standards (IFRS) beginning in the first quarter of fiscal 2019. I believe that this will not only facilitate comparison of financial performance with global companies, but also lead to enhancement of management quality and strengthening of Group governance.

There are no major changes to the KPIs for fiscal 2021 in the medium-term business plan in connection with the transition to IFRS. I will continue to push forward our efforts to achieve the objectives in the plan.





Focus  
NISSIN's  
Digital  
Marketing

# A Strategic Advance with Social Media



The NISSIN FOODS Group is currently accelerating overseas brand development of *CUP NOODLES*, a high value-added product, to enhance profitability. In Japan, the Group continues to lay a stronger foundation for our domestic profit base through the reinforcement of our main brands and has identified young people, women, and seniors as strategic target user groups. In our efforts to reach out to one of those target groups—young people—digital marketing plays a key role.

Young people are the loyal users of tomorrow and essential to the Group's sustained growth. To attract and win over this demographic, it is necessary to instill in them an interest in our brands. We undertake dynamic digital marketing efforts with the goal of inspiring brand loyalty among young

people, so that they will feel our brands are indispensable parts of their lives.

The key to this kind of marketing is how to generate an emotional interaction and spread brand information on social media. We attain this through marketing that is precisely designed in response to internet user insight. We broadcast commercials filled to the brim with elements that the intended demographic will find appealing and that inspire repeated viewing. When young people are curious about a certain commercial, they search for it on the brand site or a video-sharing website and view it repeatedly. They then want to share the experience on social media, and do so with reactions like "This ad is crazy!" People who read those social media posts will, in turn, search for the commercial, view it, and then make comments about how cool or crazy they think it is. A loop is created, resulting in a large number of people viewing the ad. What is more, if the buzz online about a commercial becomes notable, the phenomenon will receive coverage on television and in other traditional media and reach people that do not use social media sites.

### Growing Brand Affinity

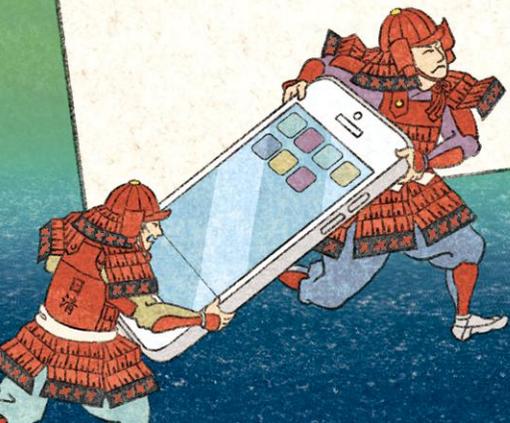
In the past, TV commercials reached only television audiences, so we had to incur enormous advertising costs to air the commercials many times. By contrast, skillful use of digital marketing enables efficient advertising, since airing a TV commercial only once leads to its circulation on the internet and proactive viewing of its content. Also, since people search for the content on their own initiative, there is no impression of pushy advertising. When people voluntarily come in contact with brands, it leads to greater affinity. The result has been steadily increasing consumption of our main products, like *CUP NOODLE*, among young people.

The Group has engaged in digital marketing using social media since 2012, and has accumulated considerable expertise in this field. We take pride that our techniques for ensuring that our brands frequently appear on social media sites are world class.

### Overseas Expansion

The Group is deploying the knowledge we have gained in Japan to overseas markets as part of the globalization of *CUP NOODLES*. The "7 Samurai" series of international commercials were released in multiple countries. In Brazil in particular, they were viewed around 36 million times in the five-month span from November 2016 to March 2017, which exceeds the ad campaign results of some other global food and beverage companies. We believe these commercials have contributed to increased recognition of *CUP NOODLES*.

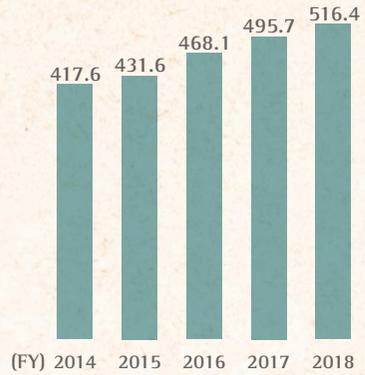
Through proceeding with initiatives like these around the world, the Group will foster affinity for *CUP NOODLES* among young people and work to further increase sales and profits in order to achieve the objectives in the medium-term business plan.



# FINANCIAL HIGHLIGHTS (JGAAP)

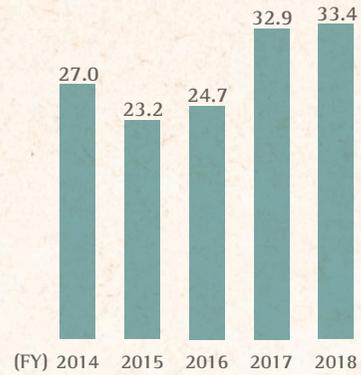
## Net Sales

(Billions of yen)



## Adjusted Operating Income\*

(Billions of yen)



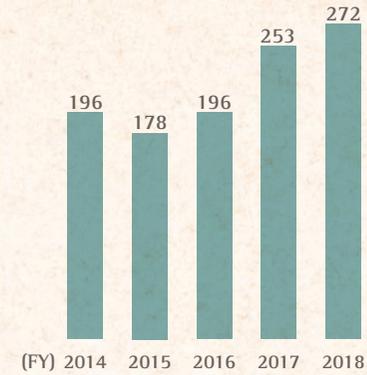
## Net Income Attributable to Owners of Parent

(Billions of yen)



## Adjusted EPS

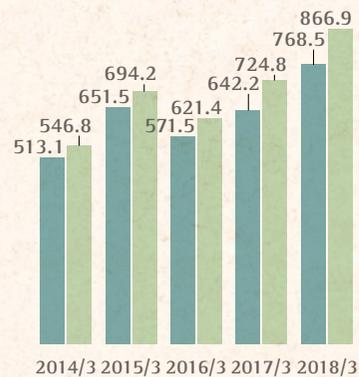
(Yen)



## Market Capitalization

(Billions of yen)

■ Excluding treasury stock  
■ Including treasury stock



## ROE

(%)



## Cash Dividends per Share / Payout Ratio

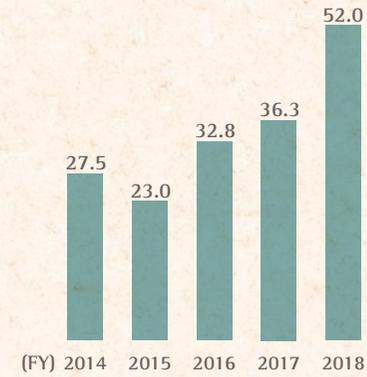
(Yen)

■ Cash dividends per share  
● Payout ratio (%)



## Capital Expenditures

(Billions of yen)



\*Due to the introduction of IFRS, adjusted operating income as a KPI was abolished and (IFRS) Operating Profit is a KPI.

# NON-FINANCIAL HIGHLIGHTS

## CO<sub>2</sub> Emissions\*<sup>1</sup>



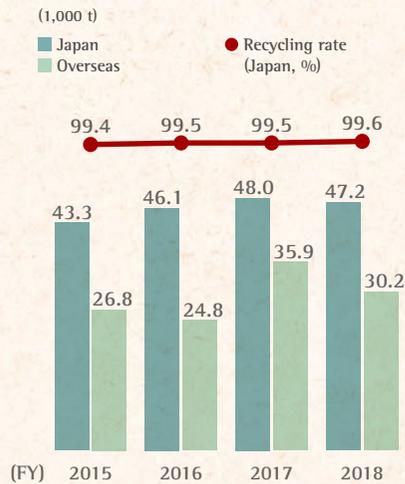
## Water Use



## Number of Employees\*<sup>2</sup> / Number of Female Employees\*<sup>2</sup> / Female Manager Ratio\*<sup>2</sup>



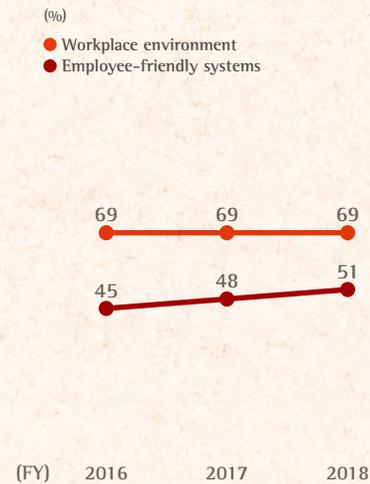
## Waste Emissions\*<sup>3</sup> / Recycling Rate\*<sup>3</sup>



## Energy Consumption



## Employees who can be considered satisfied based on survey findings\*<sup>4</sup>



\*1 CO<sub>2</sub> emissions data does not include data for UNI-STAR, SAGAMI FRESH, and Bonchi.

CO<sub>2</sub> emissions from the production division are calculated according to the Act on Promotion of Global Warming Counter Measures. CO<sub>2</sub> emissions for electricity use in Japan are calculated using emission factors for the previous fiscal year disclosed by electric power companies. CO<sub>2</sub> emissions for overseas electricity use are calculated using country-specific emissions factors from the International Energy Agency. Estimated data is used for overseas manufacturing plants where complete data was not available. The thermal energy conversion factor for Japan and overseas electricity use is 3.6 (GJ/MWh). Logistics-related emissions are calculated according to the provisions of the Act on the Rational Use of Energy.

\*2 The numbers are calculated based on data from NISSIN FOODS HOLDINGS, NISSIN FOOD PRODUCTS, NISSIN CHILLED FOODS, NISSIN FROZEN FOODS, and NISSIN BUSINESS SUPPORT PLUS.

\*3 The waste data and recycling rate do not include data for Bonchi.

\*4 The three years of data taken from the NISSIN FOODS Group's Employee Attitude Survey in Japan.

Note: Environmental data does not include data for NISSIN YILDIZ GIDA SANAYI VE TICARET A.S.

## FINANCIAL SUMMARY

## Summary of Selected Data

(Billions of yen)

	FY2017 (JGAAP)	FY2018 (JGAAP)	FY2018 vs FY2017 (JGAAP)	FY2019 Plan (IFRS) <sup>*1</sup>
Net sales / Revenue	495.7	516.4	+4.2%	455.0
Operating income / Operating profit	28.6	34.1	+19.2%	36.0
Net income attributable to owners of parent / Profit attributable to owners of parent	23.6	29.1	+23.5%	26.0

## Sales by Segment

(Billions of yen)

	Main Business	FY2017 (JGAAP)	FY2018 (JGAAP)	FY2018 vs FY2017 (JGAAP)	FY2019 Plan (IFRS) <sup>*1</sup>
■ NISSIN FOOD PRODUCTS	Instant Noodles	228.6	232.9	+1.9%	195.0
■ MYOJO FOODS	Instant Noodles	40.6	41.5	+2.2%	32.5
■ NISSIN CHILLED FOODS	Chilled	61.8	64.0	+3.6%	55.5
■ NISSIN FROZEN FOODS	Frozen				
■ NISSIN CISCO <sup>*2</sup>	Confectionery	51.0	51.6	+1.1%	44.0
■ NISSIN YORK <sup>*2</sup>	Beverage				
■ Bonchi <sup>*2</sup>	Confectionery				
■ Domestic Others <sup>*2,3</sup>		3.7	4.1	+9.3%	4.0
<b>Domestic Total</b>		<b>385.7</b>	<b>394.1</b>	<b>+2.2%</b>	<b>331.0</b>
■ The Americas	Instant Noodles	60.4	64.5	+6.7%	65.0
■ China	Instant Noodles	36.0	42.6	+18.3%	42.0
■ Asia <sup>*2</sup>	Instant Noodles	9.0	9.4	+4.0%	10.0
■ EMEA <sup>*2</sup>	Instant Noodles	4.6	5.9	+28.6%	7.0
<b>Overseas Total</b>		<b>110.0</b>	<b>122.3</b>	<b>+11.2%</b>	<b>124.0</b>
<b>Group Total</b>		<b>495.7</b>	<b>516.4</b>	<b>+4.2%</b>	<b>455.0</b>

## Operating Income by Segment

(Billions of yen)

	Main Business	FY2017 (JGAAP)	FY2018 (JGAAP)	FY2018 vs FY2017 (JGAAP)	FY2019 Plan (IFRS) <sup>*1</sup>
■ NISSIN FOOD PRODUCTS	Instant Noodles	27.7	28.3	+2.2%	25.3
■ MYOJO FOODS	Instant Noodles	1.8	2.1	+15.2%	2.0
■ NISSIN CHILLED FOODS	Chilled	1.9	2.1	+10.7%	2.2
■ NISSIN FROZEN FOODS	Frozen				
■ NISSIN CISCO <sup>*2</sup>	Confectionery	2.6	2.4	-8.4%	2.6
■ NISSIN YORK <sup>*2</sup>	Beverage				
■ Bonchi <sup>*2</sup>	Confectionery				
■ Domestic Others <sup>*2,3</sup>		1.5	1.5	+3.9%	5.0
<b>Domestic Total</b>		<b>35.4</b>	<b>36.4</b>	<b>+2.6%</b>	<b>37.1</b>
■ The Americas	Instant Noodles	2.3	2.0	-12.4%	2.7
■ China	Instant Noodles	3.4	3.6	+4.8%	3.4
■ Asia <sup>*2</sup>	Instant Noodles	(1.4)	(1.4)	—	1.4
■ EMEA <sup>*2</sup>	Instant Noodles	0	(0.5)	—	1.1
<b>Overseas Total</b>		<b>4.3</b>	<b>3.7</b>	<b>-14.6%</b>	<b>8.6</b>
Retirement benefit accounting <sup>*4</sup>		(4.3)	0.7	—	—
Amortization of goodwill and elimination of intersegment transactions <sup>*4</sup>		(2.2)	(2.0)	—	(4.5)
Group expenses <sup>*4</sup>		(4.7)	(4.7)	—	(5.2)
<b>Group Total</b>		<b>28.6</b>	<b>34.1</b>	<b>+19.2%</b>	

\*1 IFRS will be adopted from 1Q of FY2019.

\*2 These are included in "Others" in "Segment Information" on page 56 and 57.

\*3 "Domestic Others" includes NISSIN FOODS HOLDINGS and NISSIN ASSET MANAGEMENT, etc.

\*4 These are included in "Reconciliations" in Summary of Consolidated Financial Statements.

# DOMESTIC BUSINESS HIGHLIGHTS

## NISSIN FOOD PRODUCTS



NISSIN FOOD PRODUCTS, the company that invented *Chicken Ramen*, the world's first instant noodles, and *CUP NOODLE*, the world's first cup-type instant noodles, plays a leading role in the NISSIN FOODS Group as a growth driver. In fiscal 2018, the company increased sales of cup-type noodles by continuing marketing efforts to loyal users, while also working to retain seniors, increase the number of female users, and reinforce communication targeting young people.

As a result, net sales increased 1.9% from the previous fiscal year to ¥232.9 billion. Operating income rose 2.2% to ¥28.3 billion, with higher revenue from main brands contributing to a profit increase.

## MYOJO FOODS

MYOJO FOODS is working to strengthen its main brands, the *Teitoshitsumen* line, which is a reduced-carbohydrate noodle series targeting health-conscious consumers, and new products made using non-fried noodle technology. In fiscal 2018, net sales increased 2.2% to ¥41.5 billion on higher sales of cup-type noodles due to factors including stepped-up engagement with convenience stores. Operating income increased 15.2% to ¥2.1 billion, reflecting the sales increase and continued progress with production efficiency improvement.



## NISSIN CHILLED FOODS

### NISSIN FROZEN FOODS

Amid a continuing downtrend in Japan's chilled noodle market, NISSIN CHILLED FOODS' sales were slightly higher than the previous fiscal year thanks to efforts to strengthen ramen products, such as the renewal of main brands and the introduction of new easy-to-prepare products.

With a strong domestic frozen food market providing a tailwind, NISSIN FROZEN FOODS' sales grew steadily due to progress with strengthening of individual products. Sales of pasta and ramen products packaged with toppings were strong.

As a result, segment net sales rose 3.6% year on year to ¥64.0 billion, and operating income increased 10.7% to ¥2.1 billion.



## NISSIN CISCO

## NISSIN YORK

## Bonchi



In the confectionery business, NISSIN CISCO's sales of confectionery and cereal continued to increase. Sales at Bonchi, consolidated in fiscal 2017, were flat year on year.

In the beverage business, NISSIN YORK experienced a sales decline, due in part to the impact of scaling back in convenience store beverage sections, despite an increased coverage by high-volume retailers in recent years.

As a result, segment net sales rose 1.1% year on year to ¥51.6 billion, while operating income decreased 8.4% to ¥2.4 billion.

Note: Relative product sizes are not to scale.



## OVERSEAS BUSINESS HIGHLIGHTS



### THE AMERICAS

In the U.S., sales of *CUP NOODLES*, renewed in the previous fiscal year to align the product with the health consciousness of consumers, increased in a slow-growth market. In Brazil, where the economy is showing signs of bottoming out, we are expanding the market for cup-type noodles by introducing new flavors of *CUP NOODLES* in addition to the market's existing bag-type noodle products.

Net sales in the Americas segment increased 6.7% year on year to ¥64.5 billion. However, operating income fell 12.4% to ¥2.0 billion due to the impact of sharp increases in distribution costs and labor costs in the U.S.



### ASIA

In Asia, operations in India, Singapore, Thailand, Indonesia, and Vietnam are consolidated in the financial statements. Sales in India fell due to the impact of a shift to a cutthroat price strategy by the market leader. At the same time, all markets other than India showed sales increases, and we achieved profitability in Thailand in fiscal 2018. Overall net sales increased 4.0% to ¥9.4 billion, and operating loss was ¥1.4 billion, unchanged from the previous fiscal year. Since Asia is a region where future growth can be expected, we consider our current activities in the region a form of upfront investment and aim to achieve profitability in the future.

### CHINA

In the China region, the market has entered a stage of renewed growth, with the high-price segment showing particularly strong gains. In these circumstances, Hong Kong Nissin, which controls the business in Hong Kong and China, listed its shares on the Main Board of the Hong Kong Stock Exchange in December 2017 to further expand its local presence. In fiscal 2018, the China business continued to expand its sales area in the region and strengthen the *CUP NOODLES* brand created specifically for China.

As a result, net sales in the China segment increased 18.3% to ¥42.6 billion, and operating income rose 4.8% to ¥3.6 billion.



### EMEA

In the EMEA region, we are engaging in activities mainly in the European region. Sales in Europe, mainly of *Soba* yakisoba fried noodles and *CUP NOODLES*, are steadily developing and an increase in OEM orders from Premier Foods, an alliance partner since 2016, drove overall sales. We are steadily expanding the business in Turkey, where we have entered the ramen segment in addition to the instant pasta market. Overall net sales in the EMEA segment increased 28.6% year on year to ¥5.9 billion. A delay in the start-up of the plant in Hungary resulted in an operating loss of ¥0.5 billion.



Note: Relative product sizes are not to scale.





BOARD OF DIRECTORS



小林健

轻部征夫

横山之雄

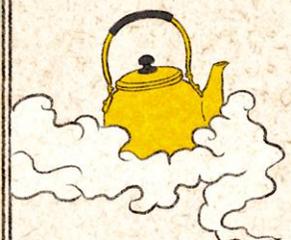
安藤宏基

安藤德隆

石倉洋子

水野正人

岡藤正広



## BOARD OF DIRECTORS

As of June 30, 2018

**Koki Ando**

President & Representative  
Director  
CEO (Chief Executive Officer)

**Noritaka Ando**

Executive Vice President &  
Representative Director  
COO (Chief Operating Officer)  
President & Representative  
Director, NISSIN FOOD  
PRODUCTS CO., LTD. (Japan)

**Yukio Yokoyama**

Director  
CFO (Chief Financial Officer)

**Ken Kobayashi** \*1

Outside Director  
Chairman of the Board,  
Mitsubishi Corporation

**Masahiro Okafuji** \*1

Outside Director  
Chairman & Chief Executive  
Officer, ITOCHU Corporation

**Yoko Ishikura** \*1 \*2

Outside Director  
Professor Emeritus,  
Hitotsubashi University

**Isao Karube** \*1 \*2

Outside Director  
President, Tokyo University of  
Technology

**Masato Mizuno** \*1 \*2

Outside Director  
Chairman, Mizuno Corporation

\*1 Indicates an outside director as provided for in Article 2-15 of the Companies Act.

\*2 Designated for independent director as specified by the Tokyo Stock Exchange and other exchanges in Japan.



# AUDIT & SUPERVISORY BOARD MEMBERS, EXECUTIVE OFFICERS AND CHIEF OFFICERS

As of June 30, 2018

## Audit & Supervisory Board Members



**Masahiko Sawai**

Audit & Supervisory  
Board Member  
(Full-time)



**Kazuo Kanamori** \*3 \*4

Audit & Supervisory  
Board Member  
(Outside / Full-time)



**Chisugi Mukai** \*3 \*4

Audit & Supervisory  
Board Member  
(Outside / Independent)

\*3 Indicates an outside corporate auditor as provided for in Article 2-16 of the Companies Act.

\*4 Designated for independent director as specified by the Tokyo Stock Exchange and other exchanges in Japan.

## Senior Managing Executive Officer

### Akihide Matsuo

President & Representative Director,  
MYOJO FOODS CO., LTD.

## Managing Executive Officers

### Mitsuru Tanaka

CDO (Chief Development Officer),  
Head of NISSIN Global Innovation Center,  
Head of NISSIN Global Food Safety Institute

### Yoshinori Miura

In charge of Japan Business,  
Chairperson & Representative Director,  
NISSIN FOOD PRODUCTS CO., LTD.

### Shinji Honda

CSO (Chief Strategy Officer)

## Managing Officer (Non-executive)

### Kiyotaka Ando

## Executive Officers and Chief Officers

### Toshihiko Ijichi

President & Representative Director,  
NISSIN CHILLED FOODS CO., LTD.

### Akira Iwai

CPO (Chief Production Officer),  
In charge of Instant Noodles Business

### Sumihito Endo

President & Representative Director,  
Bonchi CO., LTD.

### Shigeo Kitara

CIO (Chief Information Officer)

### Akira Sato

President & Representative Director,  
KOIKE-YA Inc.

## Other

### Katsuhiko Kiyofuji

CAO (Chief Administrative Officer)



## NISSIN'S ESG

The NISSIN FOODS Group takes responsibility for all impacts that its corporate activities have on society from the standpoint of all stakeholders, including shareholders, consumers, employees, business partners, and local communities and governments, and will contribute to the sustainability of society and the planet by continuing to provide the world with the enjoyment of food to make people happy. To make this happen, in July 2017 the Group signed the United Nations Global Compact, proposed by the UN, and was registered as a participating company. In addition to supporting the Global Compact's 10 principles in the four areas of human rights, labor, the environment, and anti-corruption, the Group will support and put into practice the 17 Sustainable Development Goals (SDGs), and their 169 targets, and engage in business activities that take ESG into consideration.

**WE SUPPORT**



# Environment

In keeping with the principle “Peace will come to the world when there is enough food” (Shoku-soku Se-hei), the Group considers contribution to curbing global warming, which adversely affects food production, a key priority. To promote environmental management, the Group is strengthening its environmental management systems. For instance, we established the NISSIN FOODS Group Environmental Charter and NISSIN FOODS Group Code of Environment, formed the Environmental Committee in 2008 and the sustainability-conscious NISSIN FOODS Group Policy on Sustainable Procurement in 2017, and are also obtaining the cooperation of raw materials suppliers in this effort. Furthermore, to fulfill our social responsibility as a global food manufacturer

that supports the dietary needs of the world, we have set medium-term environmental targets to achieve by 2020, such as reducing the greenhouse gas (CO<sub>2</sub>) emissions associated with our business activities by 30%, and steadily implemented reduction measures in fiscal 2018. In addition, the Group joined the Roundtable on Sustainable Palm Oil (RSPO) in October 2017 and will aim to procure for the instant noodle business certified palm oil produced with due consideration for the prevention of deforestation and preservation of biodiversity. The Group will continue to reduce environmental impacts in all stages of business activities in order to maintain a sustainable global environment.

### Medium-Term Environmental Targets for Fiscal 2021



\*1 Reduction target per unit of output at domestic business sites subject to reporting (compared to fiscal 2006)

\*2 Certification rate at manufacturing plants in Japan and overseas subject to inspection (at the time of target setting)

\*3 Including alternative qualifications, such as Environmental Planner certification

# Social

## THEME 1 FOOD SAFETY

Considering food safety and security one of its most important management priorities, the Group has in place scientific testing systems at the NISSIN Global Food Safety Institute and has also established a food safety institute in Shanghai, China. Utilizing these facilities, the Group has constructed its quality assurance system that operates on the ground at every stage from ingredient procurement to production, distribution, and sales, with its own system of analysis and inspection and thorough traceability from raw materials to the products.

To ensure product safety at product manufacturing plants and raw materials and packaging materials plants, the Institute conducts audits based on the Group's food safety inspection standards and strives to resolve any issues identified at plants by offering improvement proposals for each one. Also, we are constructing the same quality control system used at the plants in Japan at the plants of all overseas Group companies. We will continue to rigorously implement a quality control system responsible for safety at every stage from raw materials procurement to production, distribution, sales, and consumption.

## THEME 2 HUMAN RESOURCES

The Group has made developing and strengthening management talent to support global growth one of the key strategies in the medium-term business plan aimed at achieving recognition as a global company. We will increase the number of management personnel and accelerate global management through a two-fold approach involving human resource development measures within the Group and external recruiting of management personnel knowledgeable about local markets. Locally hired non-Japanese nationals were appointed as presidents of NISSIN FOODS DE MEXICO in September 2017 and Nissin Foods GmbH in Germany in April 2018.

While fulfilling its responsibility as a company engaged in the food business, the Group is pushing forward to create a work environment where creativity of each individual employee will be fostered, their health and well-being will be supported, and all employees can autonomously work, through initiatives promoting diversity and the Smart Work 2000 project that aims to reduce total work hours and improve productivity, which the Group believes will lead to offering our customers higher value-added products.

## THEME 3 SOCIAL CONTRIBUTION

The Group engages in social contribution activities, including cooperation with the United Nations World Food Programme (Japan Association for the World Food Programme), carrying out the Hyakufukushi Project to conduct a total of 100 social contribution activities over 50 years beginning in 2008, food education and other food culture promotion activities, support for sports, and disaster relief involving the provision of instant noodles in cooperation with the World Instant Noodles Association (WINA). With regard to food assistance through WINA, instant noodles are extremely useful relief supplies in times of natural disaster. For this reason, when major disasters occur in areas around the world, we provide food assistance through organizations such as local WINA member companies and the Red Cross. From May 2008 to March 2018, we donated 5.91 million servings together with a total of 53 companies. Also, the Group's Code of Conduct states, "Active engagements in regional contributions shall be made through close coordination and collaborations with local societies," and each company and business site engages in community contribution activities.



# Corporate Governance

Organizational Format  
Company with an Audit & Supervisory Board

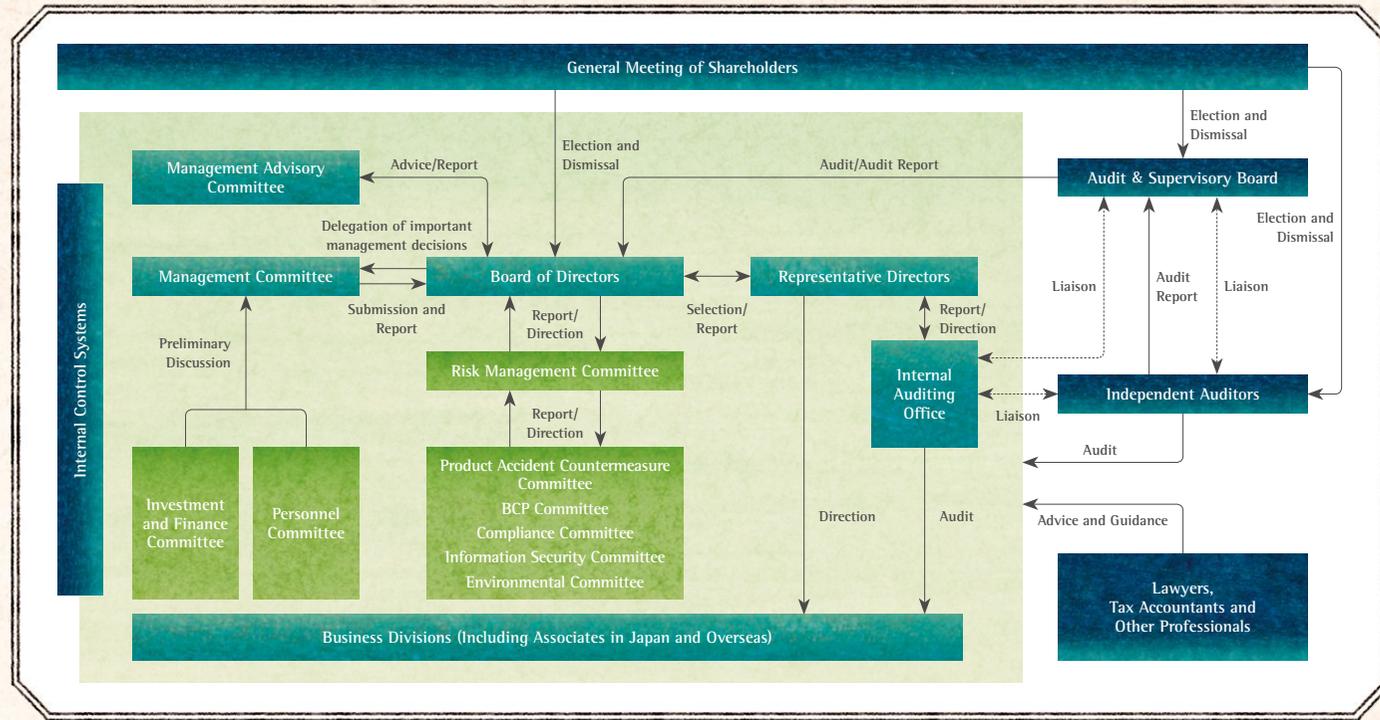
Number of Board of Directors  
**8**

There are three internal directors and five outside directors (of which, three are independent directors). Outside directors comprise a majority of the Board of Directors.

Number of Audit & Supervisory Board Members  
**3**

(of which, two are independent Audit & Supervisory Board members)

Corporate Governance Structure



## Corporate Governance Structure

NISSIN FOODS HOLDINGS (the Company) considers enhancement and strengthening of corporate governance one of the most important management priorities for promoting sustainable growth and increasing its corporate value over the medium to long term, and strives to realize highly objective and transparent management. To achieve this objective, the Company has long appointed multiple

outside directors and outside Audit & Supervisory Board members, actively incorporated the opinions of outside experts in management, and pursued management vitalization and transparency. In particular, in 2016, the Company further strengthened the management oversight function and increased the speed of decision-making by decreasing the number of internal directors by six to three and increasing the number of outside directors by one to five so that they comprise a

majority. As a company with an Audit & Supervisory Board governance structure, the Company has a system by which three Audit & Supervisory Board members (of which, two are independent Audit & Supervisory Board members) monitor the execution of duties by directors.

## Board of Directors

The Company holds regular meetings of the Board of Directors periodically and extraordinary meetings as necessary (ten regular meetings of the Board of Directors were held and extraordinary meetings were held as necessary in fiscal 2018). Board meetings are attended by directors and Audit & Supervisory Board members, who discuss and decide important matters in accordance with laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations. The members also receive reports on and oversee the status of execution of duties by the directors.

The Company holds a meeting of the Management Committee twice every month in principle to improve management efficiency. The Committee consists of directors (excluding outside directors), responsible executive officers, and Audit & Supervisory Board members (full-time), and they discuss matters that are to be resolved by the Board of Directors. Also, matters which authorities have delegated to the Committee by the Board of Directors pursuant to the approval regulations are discussed and decided.

## Management Advisory Committee

The Company holds a meeting of the Management Advisory Committee, the majority of which are independent directors/Audit & Supervisory Board members, three times a year in principle. The Committee discusses nomination,

remuneration, and governance, and ensures transparency and fairness in nomination, remuneration, and governance.

## Self-Assessment of the Board of Directors

Continuing from 2016 and 2017, in 2018, the Company conducted a questionnaire survey of the directors and Audit & Supervisory Board members concerning matters including the present state and operation of the Board of Directors. Following a review of the analyzed findings by the Management Advisory Committee and deliberation by the Board of Directors, we have determined that the effectiveness of the Board of Directors as a whole has been adequately ensured. We will continue to strive to further increase effectiveness by continuously assessing the effectiveness of the Board while making improvements in the assessment framework and assessment method.

## Audit & Supervisory Board

The meetings of the Audit & Supervisory Board were held eleven times during fiscal 2018 to audit duties executed by directors.

The Audit & Supervisory Board members have conducted audits by attending the meetings of the Board of Directors and other important meetings, by interviewing directors and employees and by other means including on-site inspection concerning matters to be resolved by the Management Committee

and other important matters for corporate management.

The Audit & Supervisory Board members, who work closely with the Internal Auditing Office and the financial auditor on a steady basis, held six regular meetings with them during the fiscal year under review to exchange information, and secured effective audits by the Audit & Supervisory Board members.

## Policy on Determining the Amount of Remuneration and Other Payments for Directors and Audit & Supervisory Board Members and Calculation Method Thereof

Remuneration for directors consists of the basic remuneration paid according to position and role importance of the director as well as corporate performance and individual performance, and the remuneration-type stock options for the purpose of increasing motivation and incentives toward the contribution to sustained improvement of business performance and enhancement of corporate value over the medium- to long-term within the scope of the total amount resolved by the General Meeting of Shareholders. However, in view of the nature of the duties, the remuneration for outside directors is not linked to business performance and consists only of basic remuneration paid according to the position.

The procedures for the above are decided by the Board of Directors after the appropriateness of said procedures is

deliberated and verified by the Management Advisory Committee, the majority of which are independent outside directors and independent outside Audit & Supervisory Board members.

Furthermore, although remuneration for Audit & Supervisory Board members is determined through discussions with the Audit & Supervisory Board members within the scope of the total amount resolved by the General Meeting of Shareholders, in view of the nature of auditing service, remuneration for Audit & Supervisory Board members is not linked to business performance and consists only of basic remuneration paid according to the position.

## Composition of the Board of Directors and Criteria for Selection of Candidates for Directors

In order to develop the Group's operations in Japan and overseas under its philosophy, "EARTH FOOD CREATOR," the Group selects candidates who possess extensive experience, deep insight, and advanced specialization, while taking into account the balance of knowledge, experience, and capabilities; diversity in fields of specialization and gender; and appropriateness of scale of the Board of Directors as a whole.

Candidates for internal directors are selected from among those people who are involved in Group management, such as executive officers, chief officers, presidents of operating companies, and chief representatives in each area, in addition to

President & Representative Director, CEO, and Executive Vice President & Representative Director, COO.

Candidates for outside directors are selected from those who, as well as satisfy the standards of the Companies Act, are management executives, academic experts, and the like, based on their deep insight and advanced specialization with extensive experience in domestic and overseas economics, finance, industry trends, corporate strategy, marketing, advanced research, etc., and who are capable of not only checking in the Board of Directors meetings from an objective standpoint the legality of management and the appropriateness of decision-making in the execution of duties, but also, the Group

expects, providing advice leading to business activities that will enhance corporate value in the Board of Directors meetings, etc.

As for the procedures for the above, candidates are decided by the Board of Directors after their appropriateness is deliberated and verified by the Management Advisory Committee.

#### Composition of the Audit & Supervisory Board and Criteria for Selection of Candidates for Audit & Supervisory Board Members

Based on the Companies Act and other laws and regulations, as well as the Articles of Incorporation and other regulations, the

Audit & Supervisory Board audits the process of decision-making by the directors and the status of their execution of duties.

The number of Audit & Supervisory Board members is four or fewer, the majority of whom are outside Audit & Supervisory Board members.

The criteria for selecting candidates for Audit & Supervisory Board members (internal) is to select people who can perform auditing and ensure management soundness from a perspective based on extensive operational experience in the Group.

The criteria for selecting candidates for outside Audit & Supervisory Board members includes meeting the standards of the Companies Act and having extensive experience and advanced specialization,

which are necessary for auditing.

As for the procedures for the above, candidates are decided by the Board of Directors after their appropriateness is deliberated and verified by the Management Advisory Committee and after obtaining the approval of the Audit & Supervisory Board.

#### Policy on Training Directors and Audit & Supervisory Board Members

To ensure that management supervision and auditing functions are sufficiently conducted by the directors and Audit & Supervisory Board members, the Company provides information necessary to the execution of duties in an appropriate and timely manner. Furthermore, to ensure sufficient deliberation at Board of Directors meetings, outside directors and outside Audit & Supervisory Board members are provided in advance with Board of Directors meeting materials, explanations, and related information. In addition, when such outside directors and outside Audit & Supervisory Board members assume office, they are provided with orientations, dialogues with the management team, and other ongoing opportunities for understanding the Company's operations. Furthermore, the Company provides directors and Audit & Supervisory Board members with opportunities for training by third-party institutions, with the Company bearing the costs of such training.

#### Amount of Remuneration for Directors and Audit & Supervisory Board Members

Title	Number of payees	Amount of basic remuneration (Millions of yen)	Stock option (Millions of yen)	Total (Millions of yen)
Director (of which outside directors)	8 (5)	341 (50)	213 —	555 (50)
Audit & Supervisory Board member (of which outside Audit & Supervisory Board members)	3 (2)	39 (30)	— —	39 (30)
Total (of which outside directors and outside Audit & Supervisory Board members)	11 (7)	380 (80)	213 —	594 (80)

#### Notes:

- The maximum amount of remuneration for directors and Audit & Supervisory Board members (basic remuneration) by resolution of the General Meeting of Shareholders (not including employee equivalent salaries paid to directors who are also employees) is not exceeding ¥700 million per year (of which ¥100 million or less for outside directors; by resolution of the 68th Ordinary General Meeting of Shareholders held on June 28, 2016) for directors, and not exceeding ¥60 million per year for Audit & Supervisory Board members (by resolution of the 47th Ordinary General Meeting of Shareholders held on June 29, 1995).
- The maximum amount of remuneration-type stock options for directors (excluding outside directors) by resolution of the General Meeting of Shareholders is not exceeding ¥500 million per year (by resolution of the 60th Ordinary General Meeting of Shareholders held on June 27, 2008).
- The above remuneration for outside directors and outside Audit & Supervisory Board members includes remuneration of ¥10 million which outside directors and outside Audit & Supervisory Board members received at the Company's subsidiaries.

## The Roles and Functions of Outside Directors and Outside Audit & Supervisory Board Members in Corporate Governance

The outside directors ask appropriate questions and express opinions during discussions of agenda items at meetings of the Board of Directors and vitalize Board meetings by expressing their views concerning the domestic and overseas economic, financial, and industrial situations. The outside directors also perform a management oversight role. The outside Audit & Supervisory Board members attend all Board of Directors meetings and other important meetings and perform audit work, such as expressing qualified opinions from a fair and objective perspective. (Please see the “Reasons for Selection and Primary Activities of the Outside Directors and Outside Audit & Supervisory Board Members” on page 30.)

## Overall Internal Control Systems

In addition to audits conducted by the Audit & Supervisory Board members and the Financial Auditor of the Company, the Internal Auditing Office, which is under the direct control of the President & Representative Director, CEO, is engaged in internal audits and regularly conducted audits including on-site inspections in order to confirm that the Group is performing its business in compliance with laws and regulations, the Articles of Incorporation and other rules and regulations.

In addition, with the aim of enhancing audit efficiency, three parties, the Internal Auditing Office, the Audit & Supervisory Board members and the Financial Auditor held six regular meetings during the fiscal year under review, and exchanged opinions regarding findings of the audit and other relevant information.

## Risk Management

In accordance with the NISSIN FOODS Group Code of Risk Management, the Group has instituted the Total Risk Management Committee, chaired by the Representative Director. The Committee identifies, prevents, and centrally manages various risks surrounding the Group and, when a risk event occurs, strives to minimize damage and preserve corporate value by responding promptly and appropriately.

The Group is working to strengthen the risk management system groupwide and has appointed the president and director of each subsidiary as a risk management officer.

The risk management officer identifies and assesses the risks, takes measures appropriately as the person responsible for risk management of the subsidiary and reports on the status of risk management at the subsidiary to the Total Risk Management Committee or the relevant committees (hereinafter described), if necessary.

The Group has instituted the relevant committees to deal with focused risks, which are defined as those with a particularly significant negative impact if the risk event

occurs, namely product liability, business continuity planning, compliance, and information security risks. The relevant committees periodically report on these focused risks to the Board of Directors, and the Total Risk Management Committee issues to the Board a summary report concerning all risks facing the Group at the end of the fiscal year. In this way, while comprehensively ascertaining risks within the Group, the Board of Directors also issues instructions on specific risk countermeasures and approves the Risk Management Program for the next fiscal year.

Risks that could significantly influence the decisions of investors are posted on the following website. Any forward-looking statements posted on the website are based on judgments as of the end of the fiscal year ended March 31, 2018.

## Compliance

The Group is keenly aware of corporate social responsibility and strives to improve compliance through observing all relevant laws and regulations in daily business execution and by pursuing the fulfillment of socially ethical actions in accordance with the NISSIN FOODS Group Code of Ethics.

There is a manager in charge of compliance in each main division of NISSIN FOODS HOLDINGS and each Group company. The Group holds quarterly meetings of the Compliance Committee, which is chaired by the Executive Vice President & Representative Director, COO. The Committee members share reports on the nature and

number of inquiries to the internal reporting hotline, case examples of problems, and measures to prevent their reoccurrence.

We provide employee training and take other measures to prevent compliance violations. If a compliance violation is reported by an employee, etc., we respond in accordance with the NISSIN FOODS Group Code of Compliance and the NISSIN FOODS Group Code of Whistle-blowing, taking legal measures as necessary.

As we proceed with globalization of business operations, we will move ahead with education and the establishment of rules to prevent compliance violations, such as bribery and corruption, in order to promote fair business practices in every country in which we do business.

Furthermore, in September 2017 the Company instituted the Nissin Group Policy on Sustainable Procurement in consideration of sustainability. In accordance with this policy, we conduct Quality Seminar for Supplier at least once a year at which we request that suppliers comply with local laws and regulations and observe the ethical norms of each country and that they engage in initiatives that address the Earth and the environment, food safety and security, respect for human rights, and harmonious coexistence with communities. In addition, we are steadily obtaining written confirmation from suppliers that they understand and comply with this procurement policy. The Company will continue to engage in initiatives focusing on ESG that extend beyond the NISSIN FOODS Group to our suppliers.

## Reasons for Selection and Primary Activities of the Outside Directors and Outside Audit &amp; Supervisory Board Members (Fiscal 2018)

Outside director	Designation as independent officer	Reasons for appointment	Attendance at the Board of Directors meetings
			Attendance at the Audit & Supervisory Board meetings
Ken Kobayashi		Mr. Ken Kobayashi served as president and CEO of Mitsubishi Corporation from June 2010 to March 2016 and has served as chairman of the board since April 2016. He has superior knowledge acquired through his extensive work experience at Mitsubishi Corporation and extensive experience as a management executive of a general trading company. He forms opinions and makes judgments from an objective standpoint when making management decisions and has fulfilled the role of oversight and supervision of the execution of duties by the directors. Accordingly, the Company has determined that he is a necessary resource for increasing the Group's corporate value and elected him as an outside director.	9/10 —
Masahiro Okafuji		Mr. Masahiro Okafuji served as president and CEO of ITOCHU Corporation from April 2010 to March 2018 and has served as chairman and CEO since April 2018. He has superior knowledge acquired through his extensive work experience at ITOCHU Corporation and extensive experience as a management executive of a general trading company. He forms opinions and makes judgments from an objective standpoint when making management decisions and has fulfilled the role of oversight and supervision of the execution of duties by the directors. Accordingly, the Company has determined that he is a necessary resource for increasing the Group's corporate value and elected him as an outside director.	10/10 —
Yoko Ishikura	○	Ms. Yoko Ishikura possesses many years of experience and knowledge as an expert on international corporate strategy, bringing the views of an outside expert to management and holding teaching positions at Hitotsubashi University and Keio University. Although she has no experience of direct involvement in corporate management, she is well versed in corporate management due to her many years of experience concerning international political economics and international corporate strategy gained by working as an outside director at other corporations. She draws on this experience to proactively offer opinions at meetings of the Board of Directors of the Company, and the Company has determined that she will continue to execute her duties as outside director, such as oversight and supervision of the execution of duties by the directors. Also, she has assertively stated her opinions, attending meetings and leading discussion as chairperson of the Management Advisory Committee, an advisory body to the Board of Directors of the Company. Accordingly, the Company has determined that she is a necessary resource for increasing the Group's corporate value because of her high level of expertise and knowledge and extensive experience and has elected her as an outside director.	10/10 —
Isao Karube	○	Dr. Isao Karube possesses international experience, developed through experience and knowledge of advanced research such as holding teaching positions at the University of Tokyo and experience working with multiple overseas research institutions, and he is regarded for bringing outside views of an expert to the management. Although he has no experience of direct involvement in corporate management, he has displayed his ability as President of Tokyo University of Technology. Based on such experience, he has proactively offered his opinions at meetings of the Board of Directors of the Company. Therefore, the Company has determined that he will, as outside director of the Company, continue to carry out his role in an appropriate manner as an overseer and supervisor of the execution of directors' duties. In addition, he has assertively stated his opinions and attended meetings of the Management Advisory Committee, an advisory body to the Board of Directors, as Deputy Chairperson.	10/10 —
Masato Mizuno	○	Mr. Masato Mizuno has extensive experience and superior knowledge as a management executive at MIZUNO Corporation. Based on such experience, he has proactively offered his opinions at meetings of the Board of Directors of the Company. When making management decisions, he forms opinions and makes judgments from an objective standpoint as outside director of the Company, and has fulfilled the role of an overseer and supervisor of the execution of directors' duties. In addition, he has assertively stated his opinions and attended meetings of the Management Advisory Committee as a member of the committee.	10/10 —
Outside Audit & Supervisory Board member	Designation as independent officer	Reasons for appointment	Attendance at the Board of Directors meetings
			Attendance at the Audit & Supervisory Board meetings
Kazuo Kanamori (Full-time)	○	Mr. Kazuo Kanamori had been involved with the affairs of legal, financial, and accounting divisions, through many years of experience at the credit divisions of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.), which is one of the banks with which the Company has an account. Also, he has extensive knowledge relating to finance and accounting based on his experience as a director of Nihonbashi Kogyo Co., Ltd. (currently Hultic Co., Ltd.) and Fuyo General Lease Co., Ltd. Furthermore, he has proactively offered his opinions at meetings of the Board of Directors of the Company, and has sufficient knowledge and experience as outside Audit & Supervisory Board member of the Company to oversee and inspect corporate management. Therefore, the Company has determined that he will continue to carry out his duties in an appropriate manner. In addition, he has assertively stated his opinions and attended meetings of the Management Advisory Committee as a member of the committee. Accordingly, the Company has determined that his high level of expertise, and knowledge, and his broad-ranging experience including at his previous employment can be utilized to oversee management as a whole and conduct fair auditing activities, and the Company has appointed him as outside Audit & Supervisory Board member.	10/10 11/11
Chisugi Mukai	○	The Company has appointed Mr. Chisugi Mukai as outside Audit & Supervisory Board member as he is expected to provide the Company with guidance and advice from a specialist perspective as lawyer.	10/10 11/11

### Policy on Cross-Holdings of Shares in Listed Companies

In addition to obtaining dividends and capital gains, the Company holds shares in listed companies as deemed necessary for forming positive relationships with business partners and enhancing corporate value over the medium to long term by promoting smooth operations. The Board of Directors regularly verifies such shares from the above-mentioned perspective to determine their continued holdings. In addition, the Company has a policy of reducing its overall holdings from such perspectives as enhancing capital efficiency, and sells these holdings as appropriate after taking the impact on the market and other factors overall into consideration.

### Abolition of the Takeover Defense Measures

The Company determined that the need for the Countermeasures to the Large-Scale Acquisition of the Company's Shares (Takeover Defense Measures) had declined from the viewpoint of ensuring and enhancing corporate value and the common interests of shareholders and abolished the Takeover Defense Measures by resolution of the Board of Directors at a meeting held on December 6, 2017.

### Constructive Dialogue with Shareholders

For dialogues with our shareholders, the

Company has assigned the General Affairs Division as the contact point for individual investors and the IR Office for institutional investors. For dialogues (interviews) with our shareholders, the IR Office studies how to handle them with representative directors and the Director and CFO, and takes appropriate actions. The Company has the Finance Platform lead and work closely with the PR Platform, General Affairs Platform, Legal Platform, and others to exchange opinions based on their respective expertise in each division concerning disclosure and accountability of financial results, items subject to timely disclosure, and the like.

The Company holds financial results meetings for institutional investors twice a year (the first half and the full year) and mainly the President & Representative Director, CEO provides briefing. In addition, the Company arranges telephone conferences twice a year (the first quarter and the third quarter) where the Director and CFO provides briefing on the financial results. Furthermore, the IR Office serves as a contact point for interviews with institutional investors. The Company also held a small meeting for institutional investors and securities analysts in June 2017 to share the review on the first year of Medium-Term Business Plan 2021.

For individual investors, the General Affairs Division takes the initiative in publishing the NISSIN REPORT and disclosing information on the Company's website. Additionally, the Company often holds presentation meetings for individual

investors as necessary. There is a dedicated point of contact in the General Affairs Division. The IR Office and the General Affairs Division regularly collect opinions received from institutional investors and shareholders and share this information with the representative directors, officers, presidents of the Group companies, and other relevant divisions. In addition, this information is reported to the Board of Directors and at other meetings.

The Company obtains updated information on the shareholder composition from the register of shareholders as of March 31 and September 30 of every year, and performs research on effective owners of the shares.

When engaging in dialogues with our shareholders and investors, the Company never communicates insider information (undisclosed material facts). The Company maintains "silent periods" from the date following the end of each quarter to the announcement of results, during which the Company refrains from communicating with our shareholders and investors concerning financial information.

## CONSOLIDATED SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA (JGAAP)

Years ended March 31,		Millions of yen (except per share information)					
		2018	2017	2016	2015	2014	2013
<b>For the Year</b>	Net sales	¥ 516,400	¥ 495,716	¥ 468,084	¥ 431,575	¥ 417,621	¥ 382,793
	Cost of sales	282,272	270,220	260,496	242,916	231,310	211,347
	Gross profit	234,128	225,496	207,588	188,659	186,311	171,446
	Selling, general and administrative expenses	200,016	196,878	181,188	164,358	158,606	147,492
	Operating income	34,112	28,618	26,400	24,301	27,705	23,954
	Other income (expenses)	3,413	6,900	10,579	4,714	4,020	5,439
	Income before income taxes	37,525	35,518	36,979	29,015	31,725	29,393
	Income taxes	8,407	11,789	10,092	10,296	12,436	10,195
	Net income attributable to noncontrolling interests	14	171	2	214	20	343
	Net income attributable to owners of the parent	29,104	23,558	26,885	18,505	19,269	18,855
	Comprehensive income	33,237	10,991	19,606	37,956	37,410	34,884
<b>Per Share</b>	Net income attributable to owners of the parent per share —basic	¥ 279.52	¥ 221.33	¥ 245.52	¥ 167.88	¥ 174.83	¥ 171.12
	—diluted	278.16	220.25	244.22	167.10	174.13	170.57
	Cash dividends	90.00	85.00	80.00	75.00	75.00	75.00
	Equity*1	3,519.36	3,276.55	3,332.94	3,282.02	3,018.82	2,782.25
<b>At Year-End</b>	Working capital*2	¥ 39,354	¥ 42,040	¥ 60,039	¥ 98,481	¥ 74,652	¥ 48,865
	Property, plant and equipment, net	214,071	188,014	168,886	147,249	147,620	133,788
	Total assets	568,112	537,181	553,069	512,744	479,470	446,132
	Long-term liabilities	45,541	47,815	50,495	39,864	37,001	33,296
	Total equity*3	391,777	353,518	371,689	369,853	342,301	315,027
	R&D expenses	¥ 7,777	¥ 7,650	¥ 7,183	¥ 6,431	¥ 5,313	¥ 4,321
	Capital expenditures	52,007	36,340	32,786	22,960	27,527	21,582
<b>Value &amp; Performance Indicators</b>	Operating margin (%)*4	6.6	5.8	5.6	5.6	6.6	6.3
	Return on assets (%)*5	5.3	4.3	5.0	3.7	4.2	4.4
	Return on equity (%)*6	8.2	6.7	7.4	5.3	6.0	6.4
	Inventory turnover (times)*7	9.7	9.6	10.4	11.0	11.5	11.5

\*1. Equity per share = (Equity - Noncontrolling interests - Stock acquisition rights) / Number of shares outstanding as of the year-end (excluding treasury stock)

\*2. Working capital = Total current assets - Total current liabilities

\*3. Total equity: In compliance with the Corporate Law, from fiscal 2007, the amount of equity includes the amount of noncontrolling interests.

\*4. Operating margin = Operating income / Net sales

\*5. Return on assets = Net income attributable to owners of the parent / Average total assets

\*6. Return on equity = Net income attributable to owners of the parent / (Average total equity - Average noncontrolling interests - Average stock acquisition rights)

\*7. Inventory turnover = Cost of sales / Average total inventory

## CONSOLIDATED BALANCE SHEET

NISSIN FOODS HOLDINGS CO., LTD. and Consolidated Subsidiaries  
As of March 31, 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits (Notes 4 and 5)	¥ 56,132	¥ 70,920	\$ 528,351
Marketable securities (Notes 4, 5, and 6)	52	1,156	489
Receivables:			
Trade (Note 5)	69,133	65,290	650,725
Other	3,745	2,656	35,250
Less: Allowance for doubtful receivables	(398)	(385)	(3,746)
Inventories (Note 8)	29,432	28,907	277,033
Deferred tax assets (Note 16)	4,684	5,150	44,089
Other current assets	7,368	4,194	69,353
Total current assets	170,148	177,888	1,601,544
<b>Property, plant and equipment:</b>			
Land (Notes 7, 11, and 14)	52,508	52,748	494,239
Buildings and structures (Notes 7, 9, 10, and 14)	137,170	132,123	1,291,133
Machinery, equipment and vehicles (Notes 9, 10, and 14)	186,472	177,377	1,755,196
Leased assets	4,555	4,728	42,875
Construction in progress	30,135	14,489	283,650
Other	1,566	1,550	14,741
	412,406	383,015	3,881,834
Less: Accumulated depreciation	(198,335)	(195,001)	(1,866,858)
Property, plant and equipment, net	214,071	188,014	2,014,976
<b>Investments and other assets:</b>			
Investments in securities (Notes 5 and 6)	94,561	89,201	890,070
Investments in unconsolidated subsidiaries and associates (Note 5)	44,757	31,650	421,282
Other investments (Note 5)	4	68	38
Long-term loans	40	918	377
Intangible assets:			
Goodwill (Note 9)	25,971	30,465	244,456
Other (Note 9)	11,294	13,606	106,306
Asset for retirement benefits (Note 15)	405	336	3,812
Deferred tax assets (Note 16)	4,668	2,120	43,938
Other assets	3,199	3,047	30,110
Less: Allowance for doubtful receivables	(1,006)	(132)	(9,469)
Total investments and other assets	183,893	171,279	1,730,920
<b>Total assets</b>	<b>¥ 568,112</b>	<b>¥ 537,181</b>	<b>\$ 5,347,440</b>

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings (Notes 5, 12, and 14)	¥ 3,236	¥ 18,450	\$ 30,459
Current portion of long-term debt (Notes 12, 13, and 14)	3,947	2,994	37,152
Payables (Note 5):			
Trade	56,635	51,705	533,085
Other	43,309	39,215	407,652
Accrued income taxes (Notes 5 and 16)	5,886	7,927	55,403
Other current liabilities	17,781	15,557	167,367
Total current liabilities	130,794	135,848	1,231,118
<b>Long-term liabilities:</b>			
Long-term debt (Notes 5, 12, 13, and 14)	16,670	18,731	156,909
Liability for retirement benefits (Note 15)	5,461	7,346	51,402
Deferred tax liabilities (Note 16)	19,276	16,629	181,438
Deferred tax liabilities on land revaluation (Note 11)	956	2,002	8,998
Other long-term liabilities	3,178	3,107	29,915
Total long-term liabilities	45,541	47,815	428,662
<b>Equity (Note 17):</b>			
<b>Common stock:</b>			
Authorized—500,000,000 shares;			
Issued—117,463,685 shares in 2018 and 2017	25,123	25,123	236,474
Capital surplus	51,219	49,824	482,107
Stock acquisition rights (Note 22)	1,820	1,627	17,131
Retained earnings (Notes 17 and 26)	327,996	308,074	3,087,312
Treasury stock,			
at cost—13,329,298 shares at March 31, 2018	(58,003)	(58,191)	(545,962)
and 13,373,235 shares at March 31, 2017			
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities (Note 6)	31,420	23,794	295,745
Deferred loss on derivatives under hedge accounting	(36)	—	(339)
Land revaluation reserve (Note 11)	(5,492)	(6,382)	(51,694)
Foreign currency translation adjustments	(6,868)	(1,404)	(64,646)
Defined retirement benefit plans	1,128	219	10,617
Total	368,307	342,684	3,466,745
Noncontrolling interests	23,470	10,834	220,915
Total equity	391,777	353,518	3,687,660
<b>Total liabilities and equity</b>	<b>¥568,112</b>	<b>¥537,181</b>	<b>\$5,347,440</b>

## CONSOLIDATED STATEMENT OF INCOME

NISSIN FOODS HOLDINGS CO., LTD. and Consolidated Subsidiaries  
Year ended March 31, 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Net sales	¥516,400	¥495,716	\$4,860,693
Cost of sales	282,272	270,220	2,656,928
Gross profit	234,128	225,496	2,203,765
Selling, general and administrative expenses (Note 18)	200,016	196,878	1,882,681
Operating income	34,112	28,618	321,084
<b>Other income (expenses):</b>			
Interest and dividend income	2,549	2,217	23,993
Gain on sales of marketable securities (Note 6)	888	1,332	8,358
Equity in earnings of associates	2,680	1,687	25,226
Interest expense	(433)	(357)	(4,076)
Foreign exchange loss	(158)	(774)	(1,487)
Commission fee	(164)	(276)	(1,544)
Gain on sales of fixed assets	770	142	7,248
Gain on sales of investments in securities (Note 6)	1,093	6,835	10,288
Insurance Income	428	284	4,029
Gain on change in equity	4,352	—	40,964
Loss on disposal and sales of fixed assets	(1,125)	(743)	(10,589)
Loss on impairment of fixed assets (Note 9)	(5,347)	(977)	(50,329)
Bad debts expense	(829)	—	(7,803)
Loss on revaluation of investments in securities, unconsolidated subsidiaries and associates, and other	(673)	(1,161)	(6,335)
Loss due to a fire	—	(511)	—
Settlement payout due to contract change	—	(585)	—
Loss associated with factory closure	(99)	(610)	(932)
Loss on business of subsidiaries and associates	(1,100)	—	(10,354)
Other, net	581	397	5,469
<b>Income before income taxes</b>	<b>37,525</b>	<b>35,518</b>	<b>353,210</b>
<b>Income taxes (Note 16):</b>			
Current	11,529	12,819	108,518
Deferred	(3,122)	(1,030)	(29,386)
	8,407	11,789	79,132
<b>Net income</b>	<b>29,118</b>	<b>23,729</b>	<b>274,078</b>
<b>Net income attributable to noncontrolling interests</b>	<b>14</b>	<b>171</b>	<b>132</b>
<b>Net income attributable to owners of the parent</b>	<b>¥ 29,104</b>	<b>¥ 23,558</b>	<b>\$ 273,946</b>

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NISSIN FOODS HOLDINGS CO., LTD. and Consolidated Subsidiaries  
Year ended March 31, 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Net income	¥29,118	¥ 23,729	\$274,078
<b>Other comprehensive income (loss)</b>			
Unrealized gain (loss) on available-for-sale securities	7,406	(19,942)	69,710
Deferred gain (loss) on derivatives under hedge accounting	(36)	262	(339)
Land revaluation reserve	999	53	9,403
Foreign currency translation adjustments	(6,062)	2,313	(57,060)
Share of other comprehensive income (loss) in associates	931	1,128	8,763
Defined retirement benefit plans	881	3,448	8,293
<b>Total other comprehensive income (loss)</b>	<b>4,119</b>	<b>(12,738)</b>	<b>38,770</b>
<b>Comprehensive income</b>	<b>¥33,237</b>	<b>¥ 10,991</b>	<b>\$312,848</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	¥33,697	¥ 11,066	\$317,178
Noncontrolling interests	(460)	(75)	(4,330)

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NISSIN FOODS HOLDINGS CO., LTD. and Consolidated Subsidiaries  
Year ended March 31, 2018

	Millions of yen												
	Common stock	Capital surplus	Stock acquisition rights (Note 22)	Retained earnings (Note 17)	Treasury stock	Accumulated other comprehensive income					Total	Noncontrolling interests	Total equity
						Unrealized gain (loss) on available-for-sale securities (Note 6)	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation reserve (Note 11)	Foreign currency translation adjustments	Defined retirement benefit plans			
Balance, March 31, 2016	¥25,123	¥48,178	¥1,860	¥293,803	¥(35,836)	¥ 43,172	¥(262)	¥(6,380)	¥(4,577)	¥(3,179)	¥361,902	¥ 9,787	¥371,689
Cash dividends paid	—	—	—	(8,648)	—	—	—	—	—	—	(8,648)	—	(8,648)
Net income attributable to owners of the parent	—	—	—	23,558	—	—	—	—	—	—	23,558	—	23,558
Acquisition of treasury stock	—	—	—	—	(22,939)	—	—	—	—	—	(22,939)	—	(22,939)
Sales of treasury stock	—	(85)	—	—	584	—	—	—	—	—	499	—	499
Transfer to capital surplus	—	79	—	(79)	—	—	—	—	—	—	—	—	—
Reversal of land revaluation reserve	—	—	—	56	—	—	—	—	—	—	56	—	56
Change in scope of consolidation	—	—	—	(228)	—	—	—	—	—	—	(228)	—	(228)
Adjustments due to change in accounting period of consolidated subsidiaries	—	—	—	(388)	—	—	—	—	—	—	(388)	—	(388)
Change in equity related to transaction with noncontrolling shareholders	—	1,652	—	—	—	—	—	—	—	—	1,652	—	1,652
Net change in the year	—	—	(233)	—	—	(19,378)	262	(2)	3,173	3,398	(12,780)	1,047	(11,733)
Balance, March 31, 2017	¥25,123	¥49,824	¥1,627	¥308,074	¥(58,191)	¥ 23,794	¥ —	¥(6,382)	¥(1,404)	¥ 219	¥342,684	¥10,834	¥353,518
Cash dividends paid	—	—	—	(9,369)	—	—	—	—	—	—	(9,369)	—	(9,369)
Net income attributable to owners of the parent	—	—	—	29,104	—	—	—	—	—	—	29,104	—	29,104
Acquisition of treasury stock	—	—	—	—	(8)	—	—	—	—	—	(8)	—	(8)
Sales of treasury stock	—	(25)	—	—	196	—	—	—	—	—	171	—	171
Transfer to capital surplus	—	25	—	(25)	—	—	—	—	—	—	—	—	—
Reversal of land revaluation reserve	—	—	—	108	—	—	—	—	—	—	108	—	108
Adjustments due to change in accounting period of consolidated subsidiaries	—	—	—	104	—	—	—	—	—	—	104	—	104
Change in equity related to transaction with noncontrolling shareholders	—	1,395	—	—	—	—	—	—	—	—	1,395	—	1,395
Net change in the year	—	—	193	—	—	7,626	(36)	890	(5,464)	909	4,118	12,636	16,754
Balance, March 31, 2018	¥25,123	¥51,219	¥1,820	¥327,996	¥(58,003)	¥ 31,420	¥ (36)	¥(5,492)	¥(6,868)	¥ 1,128	¥368,307	¥23,470	¥391,777

Thousands of U.S. dollars (Note 1)

	Common stock	Capital surplus	Stock acquisition rights (Note 22)	Retained earnings (Note 17)	Treasury stock	Accumulated other comprehensive income					Total	Noncontrolling interests	Total equity
						Unrealized gain (loss) on available-for-sale securities (Note 6)	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation reserve (Note 11)	Foreign currency translation adjustments	Defined retirement benefit plans			
Balance, March 31, 2017	\$236,474	\$468,976	\$15,314	\$2,899,793	\$(547,732)	\$223,965	\$ —	\$(60,072)	\$(13,215)	\$ 2,061	\$3,225,564	\$101,977	\$3,327,541
Cash dividends paid	—	—	—	(88,187)	—	—	—	—	—	—	(88,187)	—	(88,187)
Net income attributable to owners of the parent	—	—	—	273,946	—	—	—	—	—	—	273,946	—	273,946
Acquisition of treasury stock	—	—	—	—	(75)	—	—	—	—	—	(75)	—	(75)
Sales of treasury stock	—	(235)	—	—	1,845	—	—	—	—	—	1,610	—	1,610
Transfer to capital surplus	—	235	—	(235)	—	—	—	—	—	—	—	—	—
Reversal of land revaluation reserve	—	—	—	1,017	—	—	—	—	—	—	1,017	—	1,017
Adjustments due to change in accounting period of consolidated subsidiaries	—	—	—	978	—	—	—	—	—	—	978	—	978
Change in equity related to transaction with noncontrolling shareholders	—	13,131	—	—	—	—	—	—	—	—	13,131	—	13,131
Net change in the year	—	—	1,817	—	—	71,780	(339)	8,378	(51,431)	8,556	38,761	118,938	157,699
Balance, March 31, 2018	\$236,474	\$482,107	\$17,131	\$3,087,312	\$(545,962)	\$295,745	\$(339)	\$(51,694)	\$(64,646)	\$10,617	\$3,466,745	\$220,915	\$3,687,660

## CONSOLIDATED STATEMENT OF CASH FLOWS

NISSIN FOODS HOLDINGS CO., LTD. and Consolidated Subsidiaries  
Year ended March 31, 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>Operating activities:</b>			
Income before income taxes	¥ 37,525	¥ 35,518	\$ 353,210
Depreciation and amortization	17,896	15,400	168,449
Loss on impairment of fixed assets	5,347	977	50,329
Increase (decrease) in allowance for doubtful receivables	900	(207)	8,471
Increase (decrease) in liability for retirement benefits	(621)	4,403	(5,845)
Interest and dividend income	(2,549)	(2,217)	(23,993)
Interest expense	433	357	4,076
Foreign exchange (income) loss	(1,210)	1,471	(11,389)
Equity in earnings of associates	(2,680)	(1,687)	(25,226)
Loss on disposal and sales of property, plant and equipment	355	602	3,341
Gain on sales of marketable securities, investments in securities and other	(1,981)	(8,143)	(18,646)
Loss on revaluation of marketable securities, investments in securities and other	555	1,073	5,224
(Increase) decrease in trade notes and accounts receivable	(4,494)	(3,746)	(42,300)
(Increase) decrease in inventories	(1,179)	(1,513)	(11,098)
Increase (decrease) in trade notes and accounts payable	5,462	244	51,412
Increase (decrease) in other payables	1,827	1,637	17,197
Other, net	(1,409)	(2,472)	(13,263)
Subtotal	54,177	41,697	509,949
Interest and dividends received	4,252	4,114	40,023
Interest paid	(418)	(357)	(3,934)
Income taxes paid	(13,165)	(12,882)	(123,918)
Income taxes refunded	45	579	423
<b>Net cash provided by operating activities</b>	<b>44,891</b>	<b>33,151</b>	<b>422,543</b>

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>Investing activities:</b>			
Net (increase) decrease in time deposits	(3,431)	(1,590)	(32,295)
Payments for purchases of marketable securities	—	(0)	—
Proceeds from sales and redemption of marketable securities	1,000	350	9,413
Payments for purchases of property, plant and equipment, and other	(48,009)	(30,723)	(451,892)
Proceeds from sales of property, plant and equipment, and other	2,697	1,472	25,386
Payments for purchases of investment in securities	(9,349)	(18,331)	(87,999)
Proceeds from sales and redemption of investments in securities	9,726	20,034	91,547
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(436)	—
Net (increase) decrease in loans receivable	9	314	85
Other, net	(425)	(904)	(4,000)
<b>Net cash used in investing activities</b>	<b>(47,782)</b>	<b>(29,814)</b>	<b>(449,755)</b>
<b>Financing activities:</b>			
Increase in short-term borrowings, net	(14,817)	(342)	(139,467)
Proceeds from long-term borrowings	4,804	6,098	45,218
Repayment of long-term borrowings	(6,009)	(2,919)	(56,561)
Proceeds from share issuance to noncontrolling shareholders	14,909	2,455	140,333
Net (increase) decrease in treasury stock	(9)	(22,939)	(85)
Cash dividends paid	(9,369)	(8,648)	(88,187)
Dividends paid to noncontrolling interests	(144)	(32)	(1,355)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	710	—
Other, net	(492)	(438)	(4,631)
<b>Net cash used in financing activities</b>	<b>(11,127)</b>	<b>(26,055)</b>	<b>(104,735)</b>
Effect of exchange rate changes on cash and cash equivalents	(3,185)	1,360	(29,979)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(17,203)</b>	<b>(21,358)</b>	<b>(161,926)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>67,563</b>	<b>88,689</b>	<b>635,947</b>
Increase in cash and cash equivalents arising from initial consolidation of subsidiaries	—	212	—
Increase in cash and cash equivalents arising from change in accounting period of subsidiaries	(739)	20	(6,956)
<b>Cash and cash equivalents at end of the year (Note 4)</b>	<b>¥ 49,621</b>	<b>¥ 67,563</b>	<b>\$ 467,065</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NISSIN FOODS HOLDINGS CO., LTD. and Consolidated Subsidiaries

### 01 | BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of NISSIN FOODS HOLDINGS CO., LTD. (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) are prepared on the basis of accounting principles generally accepted in Japan and related accounting regulations prescribed in the Financial Instruments and Exchange Act of Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards (“IFRS”).

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan.

Certain reclassifications of previously reported amounts have been made to conform the consolidated financial statements for the year ended March 31, 2017 to the 2018 presentation. Such reclassifications had no effect on consolidated net income or equity.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translation of yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan and has been made at ¥106.24 = U.S.\$1.00, the exchange rate prevailing on March 31, 2018. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

### 02 | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and associates

The accompanying consolidated financial statements include the accounts of the Company and the significant companies which it controls directly and indirectly under the control and influence concepts. Companies over which the Company exercises significant influence in terms of operating and financial policies have been included in the accompanying consolidated financial statements by the equity method. The assets and liabilities of consolidated subsidiaries are stated at fair value as of their respective dates of acquisition. Consolidation of the remaining subsidiaries and associates would not have a material effect on the accompanying consolidated financial statements. All significant intercompany balances, transactions, and material unrealized gains from intercompany transactions have been

eliminated in consolidation.

The Company’s consolidated subsidiaries outside Japan prepare their financial statements in accordance with accounting principles generally accepted in the United States (USGAAP) or IFRS.

However, certain items are adjusted in the process of consolidation based on “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Accounting Standards Board of Japan, Practical Issues Task Force, No. 18).

The fiscal year-end date of 16 overseas consolidated subsidiaries is December 31. Provisional settlement of accounts has been made on March 31 for certain subsidiaries whose fiscal year-end date is December 31, including Nissin Foods Co., Ltd., Winner Food Products Ltd. in China, and Nissin Foods de Mexico S.A. de C.V. Any significant differences in intercompany accounts and transactions arising from intervening intercompany transactions during the period from January 1 through March 31 have been adjusted as necessary for the consolidated subsidiaries with financial statements as of December 31.

From the current fiscal year, certain subsidiaries changed their fiscal year-end date to March 31. Due to the change of accounting period, profit and loss, which had occurred from January 1, 2017 to March 31, 2017, is recorded as “adjustments due to change in accounting period of consolidated subsidiaries” in the Consolidated Statement of Changes in Equity for the year ended March 31, 2018, and cash flows as “Increase (decrease) in cash and cash equivalents arising from change in accounting period of subsidiaries” in the Consolidated Statement of Cash Flows for the year ended March 31, 2018.

The numbers of consolidated subsidiaries and associates accounted for by the equity method for the years ended March 31, 2018 and 2017 were as follows:

	2018	2017
Consolidated subsidiaries	56	56
Associates accounted for by the equity method	4	4

#### (b) Cash and cash equivalents

For the purposes of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and all highly liquid investments with an insignificant risk of changes in value and with maturities of three months or less from the acquisition date.

**(c) Securities**

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity, or available-for-sale securities. Trading securities are carried at fair value and held-to-maturity debt securities are carried at amortized cost. Marketable securities classified as available-for-sale securities are carried at fair value with any changes in unrealized gain or loss, net of the applicable income taxes, reported in a separate component of equity. Cost of securities sold is determined by the moving-average method. Non-marketable securities classified as available-for-sale securities are carried at cost based on the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

**(d) Inventories**

Finished goods and merchandise are principally stated at the lower of cost or net selling value, with cost being determined by the weighted-average method. Raw materials and supplies are principally stated at the lower of cost or net selling value, with cost being determined by the weighted-average method.

**(e) Hedging activities**

The Group manages risk of adverse fluctuations in foreign exchange and interest rates in the underlying liabilities with derivative financial instruments ("derivatives"). The derivative instruments are applied to forecasted and committed foreign currency transactions and long-term debt. For foreign currency forward contracts and interest rate swaps, the gains or losses are deferred until maturity of the hedged transactions if they meet requirements for hedge accounting, i.e., hedging purpose, high effectiveness, and high correlation between the hedging instruments and the hedged items. An evaluation of hedge effectiveness has been omitted, since the significant conditions of the hedging instruments and hedged items were the same and the risk of changes in cash flows was completely avoided. The Group does not anticipate any losses arising from credit risk, since the Group enters into these derivatives with major international financial institutions with high credit ratings to reduce the risk of counterparties' non-performance.

**(f) Property, plant and equipment (except for leased assets)**

Property, plant and equipment are stated at cost. Depreciation is computed principally by the straight-line method. The range of useful lives is principally from 15 to 50 years for buildings and 10 years for machinery and equipment.

**(g) Intangible assets (except for leased assets)**

Intangible assets are amortized by the straight-line method. Purchased software is amortized by the straight-line method over a five-year period, which is the estimated useful life used by the Group.

**(h) Leased assets**

Leased assets under finance lease contracts that do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight-line method using the term of the contract as the useful life.

**(i) Long-lived assets**

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

**(j) Liability for employees' retirement benefits**

The Company and certain consolidated subsidiaries have defined benefit pension plans. The Company accounts for the liability for retirement benefits based on the defined benefit obligations and plan assets at the consolidated balance sheet date. The defined benefit obligations are attributed to periods on a benefit formula basis. Net unrecognized actuarial gain or loss is credited or charged to income in the year following the year in which the gain or loss has incurred. Actuarial gains and losses that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income) after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability or asset.

**(k) Allowance for doubtful receivables**

The allowance for doubtful receivables is calculated based on the historical experience with bad debts and an estimate of certain uncollectible amounts determined after an analysis of specific individual doubtful receivables.

**(l) Income taxes**

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. Deferred tax assets and liabilities are provided for temporary differences between the balances of assets and liabilities reported for financial reporting purposes and the corresponding balances for tax reporting purposes.

**(m) Goodwill**

Goodwill is amortized by the straight-line method over a certain period reasonably determined for each investment on a case-by-case basis, but for no longer than 20 years, or is charged to income as incurred if the amount is deemed to be immaterial.

**(n) Stock options**

In accordance with “Accounting Standard for Stock Options” (ASBJ (Accounting Standards Board of Japan) Statement No. 8, December 27, 2005), the Company and its domestic subsidiaries accounted for stock options granted to their directors, executive officers, and employees on and after April 3, 2009 as expense on the date of grant based on the fair value at the grant date.

**(o) Per share information**

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. Diluted net income per share reflects the potential dilution that could occur if stock options were exercised. Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

**(b) “Accounting Standard for Revenue Recognition” and “Implementation Guidance on Accounting Standard for Revenue Recognition”**

On March 30, 2018, the ASBJ issued ASBJ Statement No. 29, “Accounting Standard for Revenue Recognition,” and ASBJ Guidance No. 30, “Implementation Guidance on Accounting Standard for Revenue Recognition.” The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The accounting standard and guidance are effective for annual periods beginning on or after April 1, 2021. Earlier application is permitted for annual periods beginning on or after April 1, 2018.

The Group has not assessed the impact from application for the consolidated financial statements because it will voluntarily apply IFRS from the year ending March 31, 2019.

## 03 | DISCLOSURE OF NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

**(a) “Partial Amendments to Accounting Standard for Tax Effect Accounting”**

On February 16, 2018, the ASBJ issued ASBJ Statement No. 28, “Partial Amendments to Accounting Standard for Tax Effect Accounting,” which requires deferred tax assets and deferred tax liabilities to be classified as investments and other assets and long-term liabilities, respectively. Deferred tax assets were previously classified as current assets and investments and other assets, and deferred tax liabilities were previously classified as current liabilities and long-term liabilities under previous accounting standards. The revised accounting standard is effective for annual periods beginning on or after April 1, 2018. Earlier application is permitted for annual periods ending on or after March 31, 2018.

The Group has not assessed the impact from application for the consolidated financial statements because it will voluntarily apply IFRS from the year ending March 31, 2019.

## 04 | CASH AND CASH EQUIVALENTS

A reconciliation of cash and deposits in the consolidated balance sheet and cash and cash equivalents in the consolidated statement of cash flows at March 31, 2018 and 2017 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Cash and deposits	¥56,132	¥70,920	\$528,351
Time deposits with maturities exceeding three months	(6,511)	(3,457)	(61,286)
Marketable securities redeemable within three months	—	100	—
Cash and cash equivalents	¥49,621	¥67,563	\$467,065

## 05 | FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Group holds financial instruments according to its policy. Financial instruments comprise low-risk financial assets and borrowings that are financed by banks. The Group is exposed to financial risks such as credit risk on trade receivables, foreign currency risk on trade payables, market risk on securities, and interest rate risk on long-term debt. The Group manages these risks and executes derivatives in accordance with policies established and approved at a management meeting of the Company, and no derivatives are used for trading or speculative purposes.

(a) Fair value of financial instruments as of March 31, 2018 and 2017 is summarized as follows:

March 31, 2018	Millions of yen		
	Book value	Fair value	Unrealized gain (loss)
Cash and deposits	¥ 56,132	¥ 56,132	¥ —
Trade receivables	69,133	69,133	—
Marketable securities and investments	121,365	142,995	21,630
<b>Total</b>	<b>¥246,630</b>	<b>¥268,260</b>	<b>¥21,630</b>
Trade payables	¥ 56,635	¥ 56,635	¥ —
Short-term borrowings	3,236	3,236	—
Other payables	43,309	43,309	—
Accrued income taxes	5,886	5,886	—
Long-term debt	20,617	20,670	53
<b>Total</b>	<b>¥129,683</b>	<b>¥129,736</b>	<b>¥ 53</b>
Derivative transactions which do not qualify for hedge accounting	¥ —	¥ —	¥ —
Derivative transactions which qualify for hedge accounting	(52)	(52)	—
<b>Total</b>	<b>¥ (52)</b>	<b>¥ (52)</b>	<b>¥ —</b>

March 31, 2018	Thousands of U.S. dollars		
	Book value	Fair value	Unrealized gain (loss)
Cash and deposits	\$ 528,351	\$ 528,351	\$ —
Trade receivables	650,725	650,725	—
Marketable securities and investments	1,142,366	1,345,962	203,596
<b>Total</b>	<b>\$2,321,442</b>	<b>2,525,038</b>	<b>\$203,596</b>
Trade payables	\$ 533,085	\$ 533,085	\$ —
Short-term borrowings	30,459	30,459	—
Other payables	407,652	407,652	—
Accrued income taxes	55,403	55,403	—
Long-term debt	194,061	194,559	498
<b>Total</b>	<b>\$1,220,660</b>	<b>\$1,221,158</b>	<b>\$ 498</b>

Derivative transactions which do not qualify for hedge accounting	\$ —	\$ —	\$ —
Derivative transactions which qualify for hedge accounting	(489)	(489)	—
<b>Total</b>	<b>\$ (489)</b>	<b>\$ (489)</b>	<b>\$ —</b>

March 31, 2017	Millions of yen		
	Book value	Fair value	Unrealized gain (loss)
Cash and deposits	¥ 70,920	¥ 70,920	¥ —
Trade receivables	65,290	65,290	—
Marketable securities and investments	103,788	125,356	21,568
<b>Total</b>	<b>¥239,998</b>	<b>¥261,566</b>	<b>¥21,568</b>
Trade payables	¥ 51,705	¥ 51,705	¥ —
Short-term borrowings	18,450	18,450	—
Other payables	39,215	39,215	—
Accrued income taxes	7,927	7,927	—
Long-term debt	21,725	21,785	60
<b>Total</b>	<b>¥139,022</b>	<b>¥139,082</b>	<b>¥ 60</b>

Derivative transactions which do not qualify for hedge accounting	¥ —	¥ —	¥ —
Derivative transactions which qualify for hedge accounting	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ —</b>

#### Notes:

1. Fair value of deposits, trade receivables and payables, short-term borrowings, other payables, and accrued income taxes approximates the book value because of their short-term clearing.
2. Fair value of marketable securities and investments is quoted from market or financial institutions.
3. Fair value of long-term debt is calculated at the assumed discount rate.
4. Fair value of derivatives is quoted from financial institutions and stated as net of assets and liabilities.

(b) Maturity analysis for financial assets and securities with contractual maturities as of March 31, 2018 and 2017 is summarized as follows:

	Millions of yen			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
<b>March 31, 2018</b>				
Cash and deposits	¥ 56,132	¥—	¥ —	¥—
Trade receivables	69,133	—	—	—
Securities with maturity dates classified as available-for-sale securities:				
1. Bonds				
National government	—	—	—	—
Corporate	—	—	4,122	50
Other	—	—	—	—
2. Other	52	—	—	—
<b>Total</b>	<b>¥125,317</b>	<b>¥—</b>	<b>¥4,122</b>	<b>¥50</b>

	Thousands of U.S. dollars			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
<b>March 31, 2018</b>				
Cash and deposits	\$ 528,351	\$—	\$ —	\$ —
Trade receivables	650,725	—	—	—
Securities with maturity dates classified as available-for-sale securities:				
1. Bonds				
National government	—	—	—	—
Corporate	—	—	38,799	471
Other	—	—	—	—
2. Other	489	—	—	—
<b>Total</b>	<b>\$1,179,565</b>	<b>\$—</b>	<b>\$38,799</b>	<b>\$471</b>

	Millions of yen			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
<b>March 31, 2017</b>				
Cash and deposits	¥ 70,920	¥ —	¥ —	¥—
Trade receivables	65,290	—	—	—
Securities with maturity dates classified as available-for-sale securities:				
1. Bonds				
National government	—	—	—	—
Corporate	1,004	—	3,113	50
Other	—	—	—	—
2. Other	152	674	—	—
<b>Total</b>	<b>¥137,366</b>	<b>¥674</b>	<b>¥3,113</b>	<b>¥50</b>

(c) Carrying value of financial assets whose fair value cannot be reliably estimated at March 31, 2018 and 2017 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
<b>March 31,</b>			
Available-for-sale securities			
Investments in unconsolidated subsidiaries and associates	¥16,574	¥16,921	\$156,005
Unlisted equity securities	1,035	625	9,742
Preferred equity securities	—	—	—
Investment in anonymous partnership	—	—	—
Other	400	741	3,765

## 06 | SECURITIES

(a) Information regarding marketable securities classified as available-for-sale securities at March 31, 2018 and 2017 is summarized as follows:

March 31, 2018	Millions of yen		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
(1) Equity securities	¥28,688	¥79,411	¥50,723
(2) Bonds			
National government	—	—	—
Corporate	1,219	1,243	24
Other	—	—	—
(3) Other	38	97	59
Subtotal	¥29,945	¥80,751	¥50,806
Securities whose carrying value does not exceed their acquisition cost:			
(1) Equity securities	¥17,024	¥ 9,417	¥ (7,607)
(2) Bonds			
National government	—	—	—
Corporate	2,970	2,962	(8)
Other	—	—	—
(3) Other	52	52	—
Subtotal	¥20,046	¥12,431	¥ (7,615)
Total	¥49,991	¥93,182	¥43,191

March 31, 2018	Thousands of U.S. dollars		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
(1) Equity securities	\$270,030	\$747,468	\$477,438
(2) Bonds			
National government	—	—	—
Corporate	11,474	11,700	226
Other	—	—	—
(3) Other	358	913	555
Subtotal	\$281,862	\$760,081	\$478,219
Securities whose carrying value does not exceed their acquisition cost:			
(1) Equity securities	\$160,241	\$ 88,639	\$ (71,602)
(2) Bonds			
National government	—	—	—
Corporate	27,956	27,881	(75)
Other	—	—	—
(3) Other	489	489	—
Subtotal	\$188,686	\$117,009	\$ (71,677)
Total	\$470,548	\$877,090	\$406,542

March 31, 2017	Millions of yen		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
(1) Equity securities	¥30,315	¥68,609	¥38,294
(2) Bonds			
National government	—	—	—
Corporate	1,752	1,754	2
Other	—	—	—
(3) Other	5,408	6,020	612
Subtotal	¥37,475	¥76,383	¥38,908
Securities whose carrying value does not exceed their acquisition cost:			
(1) Equity securities	¥16,886	¥10,163	¥ (6,723)
(2) Bonds			
National government	—	—	—
Corporate	2,428	2,412	(16)
Other	—	—	—
(3) Other	100	100	(0)
Subtotal	¥19,414	¥12,675	¥ (6,739)
Total	¥56,889	¥89,058	¥32,169

(b) Sales of investments in securities classified as available-for-sale securities for the years ended March 31, 2018 and 2017 are summarized as follows:

March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Proceeds from sales	¥8,622	¥21,505	\$81,156
Aggregate gain	1,981	8,167	18,646
Aggregate loss	1	—	9

(c) The impairment losses on investments in unconsolidated subsidiaries and associates were ¥555 million (U.S.\$5,224 thousand) and ¥1,073 million for the years ended March 31, 2018 and 2017, respectively.

## 07 | INVESTMENT PROPERTIES

The Group owns investment property such as buildings and land for rent in Tokyo and other areas. Net operating income from these properties was ¥535 million (U.S.\$5,036 thousand) and ¥547 million for the years ended March 31, 2018 and 2017, respectively. The details of investment properties are as follows:

2018	Millions of yen	Thousands of U.S. dollars
Net book value at March 31, 2017	¥ 4,824	\$ 45,407
Net change for the year ended March 31, 2018	¥ (375)	\$ (3,530)
Net book value at March 31, 2018	¥ 4,449	\$ 41,877
Fair value at March 31, 2018	¥14,548	\$136,935

Notes:

1. Net book value represents net of accumulated depreciation.
2. Decrease during the fiscal year ended March 31, 2018 mainly consists of sales of land.
3. Fair value is mainly calculated by the Company based on the internal real estate appraisal standard.

2017	Millions of yen
Net book value at March 31, 2016	¥5,158
Net change for the year ended March 31, 2017	¥ (334)
Net book value at March 31, 2017	¥4,824
Fair value at March 31, 2017	¥9,971

Notes:

1. Net book value represents net of accumulated depreciation.
2. Decrease during the fiscal year ended March 31, 2017 mainly consists of sales of land.
3. Fair value is mainly calculated by the Company based on the internal real estate appraisal standard.

## 08 | INVENTORIES

Inventories as of March 31, 2018 and 2017 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Merchandise and finished goods	¥13,990	¥12,697	\$131,683
Raw materials and supplies	15,442	16,210	145,350
Total	¥29,432	¥28,907	\$277,033

## 09 | LOSS ON IMPAIRMENT OF FIXED ASSETS

The Group recognized losses on impairment of fixed assets for the years ended March 31, 2018 and 2017 as follows:

Location	Usage	Asset type	Millions of yen	Thousands of U.S. dollars
			Impairment loss	
<b>(March 31, 2018)</b>				
Ritto City, Shiga Prefecture	Business assets Idle assets	Buildings	¥1,192	\$11,220
		Machinery and equipment	2,535	23,861
		Other assets	213	2,005
China	Business assets	Buildings	92	866
		Machinery and equipment	83	781
		Other assets	10	94
India	Business assets	Buildings	447	4,207
		Machinery and equipment	667	6,278
		Other assets	5	47
Hungary	Business assets	Buildings	¥ 103	\$ 970
<b>(March 31, 2017)</b>				
Shimonoseki City, Yamaguchi Prefecture	Idle assets	Buildings	¥ 84	
		Machinery and equipment	37	
China	Idle assets	Machinery and equipment	336	
		Other assets	39	
Hong Kong	Idle assets	Machinery and equipment	190	
Indonesia		Goodwill	¥ 291	

The Group's business assets are grouped according to manufacturing unit or usage, and the Group's idle assets are valued on an individual asset basis. The book values of the relevant assets were reduced to their net realizable values when it was determined that it was not possible that the book values of such assets would be recovered due to a downturn in profitability.

As a result, the Group recorded loss on impairment of fixed assets of ¥5,347 million (U.S.\$50,329 thousand) and ¥977 million in the accompanying consolidated statement of income for the years ended March 31, 2018 and 2017, respectively.

The recoverable value of said idle and business assets are valued by memorandum value, net selling value, and value in use.

## 10 | PROPERTY, PLANT AND EQUIPMENT

Under certain conditions, such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section. The deferred gain on property, plant and equipment taxable for tax purposes in the future was ¥1,516 million (U.S.\$14,270 thousand) and ¥1,530 million as of March 31, 2018 and 2017, respectively.

## 11 | LAND REVALUATION RESERVE

Based on the Land Revaluation Law and the Amended Land Revaluation Law, the Company revalued the land it holds for use in the course of ongoing operations at March 31, 2002. The resulting land revaluation difference represents an unrealized devaluation of land and has been debited directly, net of income taxes, under "Land revaluation reserve" in equity. The market value of the land as of March 31, 2018 and 2017 declined by ¥5,730 million (U.S.\$53,934 thousand) and ¥5,805 million, respectively, compared with the carrying value of the land revalued as of March 31, 2002, except for a part that was impaired after the revaluation.

## 12 | SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings, which amounted to ¥3,236 million (U.S.\$30,459 thousand) and ¥18,450 million as of March 31, 2018 and 2017, respectively, generally represent notes payable to banks. Long-term debt, excluding the current portion thereof, amounted to ¥16,670 million (U.S.\$156,909 thousand) and ¥18,731 million as of March 31, 2018 and 2017, respectively.

The average interest rates on short-term borrowings were 1.91% and 0.75% at March 31, 2018 and 2017, respectively. The average interest rates on long-term borrowings were 0.73% and 0.90% at March 31, 2018 and 2017, respectively.

Long-term debt at March 31, 2018 is as follows:

	Millions of yen	Thousands of U.S. dollars
Long-term borrowings at interest rates ranging from 0.17% to 16.21%	¥17,612	\$165,776
Lease obligations	3,005	28,285
Subtotal	¥20,617	\$194,061
Current portion of long-term debt	(3,947)	(37,152)
Total	¥16,670	\$156,909

The aggregate annual maturities of long-term debt subsequent to March 31, 2018 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2019	¥ 3,947	\$ 37,152
2020	3,981	37,472
2021	2,876	27,071
2022	2,276	21,423
2023	2,128	20,030
2024 and thereafter	5,409	50,913
Total	¥20,617	\$194,061

Long-term debt at March 31, 2017 is as follows:

	Millions of yen
Long-term borrowings at interest rates ranging from 0.19% to 14.10%	¥18,412
Lease obligations	3,313
Subtotal	¥21,725
Current portion of long-term debt	(2,994)
Total	¥18,731

The aggregate annual maturities of long-term debt subsequent to March 31, 2017 were summarized as follows:

Years ending March 31,	Millions of yen
2018	¥ 2,994
2019	5,675
2020	3,473
2021	2,229
2022	1,785
2023 and thereafter	5,569
Total	¥21,725

## 13 | FINANCIAL COVENANTS

A subsidiary of the Company entered into a syndicated loan agreement with three financial institutions for which Mizuho Bank, Ltd. is the arranger. The debt amounting to ¥2,700 million (U.S.\$25,414 thousand) and ¥3,400 million as of March 31, 2018 and 2017, respectively, includes the following nonconsolidated financial covenants.

As of March 31, 2018

1. The amount of equity on the balance sheet is required to be equal to or larger than 75% of equity on the balance sheet as of March 31, 2017 or as of the previous fiscal year, whichever is larger. Appraisal losses of a specific subsidiary's loan and investment are stated to be added to its equity.
2. Ordinary loss for two consecutive years is not allowed.
3. Insolvency is not allowed in each year.

As of March 31, 2017

1. The amount of equity on the balance sheet is required to be equal to or larger than 75% of equity on the balance sheet as of March 31, 2013 or as of the previous fiscal year, whichever is larger.
2. Ordinary loss for two consecutive years is not allowed.

## 14. | PLEDGED ASSETS

Assets were pledged as collateral for short-term borrowings of ¥900 million (U.S.\$8,471 thousand), long-term debt of ¥8,442 million (U.S.\$79,462 thousand), and the current portion of long-term debt of ¥1,557 million (U.S.\$14,655 thousand) as of March 31, 2018 and for short-term borrowings of ¥1,200 million, long-term debt of ¥8,780 million, and the current portion of long-term debt of ¥1,132 million as of March 31, 2017. The assets pledged are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Land	¥2,253	¥1,903	\$21,207
Buildings and structures	3,372	1,426	31,739
Machinery, equipment and vehicles	222	332	2,090

## 15 | EMPLOYEES' RETIREMENT BENEFITS

The Company and domestic consolidated subsidiaries have defined benefit pension plans, including certain corporate pension fund plans, employees' pension fund plans, and lump-sum payment plans.

Some of the company's consolidated subsidiaries adopt the simplified valuation method to evaluate projected benefit obligations.

Some foreign subsidiaries have defined benefit pension fund plans and defined contribution pension fund plans.

The following tables set forth the funded and accrued status of the plans and the amounts recognized in the accompanying consolidated balance sheets as of March 31, 2018 and 2017 for the Company's and the consolidated subsidiaries' defined benefit pension plans.

(1) The changes in defined benefit obligation for the years ended March 31, 2018 and 2017, except (3), are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Balance at beginning of the year	¥39,501	¥39,375	\$371,809
Service cost	1,648	1,549	15,512
Interest cost	90	91	847
Actuarial (gains) losses	(1,195)	(25)	(11,248)
Benefits paid	(1,611)	(1,621)	(15,164)
The amount of transfer with the changes from simplified method to the standard method	—	—	—
Changes in the scope of consolidation	—	132	—
Balance at end of the year	¥38,433	¥39,501	\$361,756

(2) The changes in plan assets for the years ended March 31, 2018 and 2017, except for (3), are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Balance at beginning of the year	¥32,911	¥32,039	\$309,780
Expected return on plan assets	658	641	6,193
Actuarial gains (losses)	479	403	4,509
Contributions from the employer	1,223	1,234	11,512
Benefits paid	(1,395)	(1,406)	(13,131)
The amount of transfer with the changes from simplified method to the standard method	—	—	—
Balance at end of the year	¥33,876	¥32,911	\$318,863

(3) The changes in liability and asset under the simplified method for the years ended March 31, 2018 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Balance at beginning of the year (net)	¥420	¥449	\$3,953
Net periodic benefit costs	123	87	1,158
Benefits paid	(44)	(116)	(414)
The amount of transfer with the changes from simplified method to the standard method	—	—	—
Changes in the scope of consolidation	—	—	—
Balance at end of the year (net)	¥499	¥420	\$4,697

(4) A reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2018 and 2017 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Funded defined benefit obligation	¥38,754	¥39,694	\$364,778
Plan assets	(36,371)	(35,276)	(342,348)
Total	¥2,383	¥4,418	\$22,430
Unfunded defined benefit obligation	2,673	2,592	25,160
Net liability for defined benefit obligation	5,056	7,010	47,590
Liability for retirement benefit	5,461	7,346	51,402
Asset for retirement benefit	(405)	(336)	(3,812)
Net liability for defined benefit obligation	¥5,056	¥7,010	\$47,590

(5) The components of net periodic benefit costs for the years ended March 31, 2018 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Service cost	¥1,648	¥1,549	\$15,512
Interest cost	90	91	847
Expected return on plan assets	(658)	(641)	(6,193)
Recognized actuarial (gains) losses	(428)	4,625	(4,029)
Net periodic pension cost calculated by the simplified method	123	87	1,158
Net periodic benefit costs	¥775	¥5,711	\$7,295

(6) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Actuarial (gains) losses	¥(1,263)	¥(5,044)	\$(11,888)
Total	¥(1,263)	¥(5,044)	\$(11,888)

(7) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2018 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Unrecognized actuarial (gains) losses	¥(1,683)	¥(420)	\$(15,841)
Total	¥(1,683)	¥(420)	\$(15,841)

(8) Plan assets

(a) Components of plan assets as of March 31, 2018 and 2017 are as follows:

	2018	2017
Debt investments	33%	34%
Equity investments	18%	22%
General accounts with life insurance companies	18%	19%
Other	31%	25%
Total	100%	100%

(b) Method for determining the expected rate of return on plan assets:

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(9) The assumptions used for the years ended March 31, 2018 and 2017 are as follows:

	2018	2017
Discount rate	Principally 0.2%	Principally 0.2%
Expected rate of return on plan assets	Principally 2.0%	Principally 2.0%

## 16 | INCOME TAXES

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprise corporate taxes, inhabitants' taxes, and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of 30.86% in both 2017 and 2016.

Overseas consolidated subsidiaries are subject to the income taxes of the respective countries in which they operate.

A reconciliation of the statutory tax rate and the effective tax rate for the years ended March 31, 2018 and 2017 is as follows:

	2018	2017
Statutory tax rate	30.86%	30.86%
Amortization of goodwill	1.38	1.63
Equity in earnings of associates	(2.20)	(1.47)
Gain on change in equity	(3.58)	—
Changes in valuation allowance	(0.53)	5.34
Corporate tax credit	(2.00)	(1.85)
Difference in consolidated subsidiaries' applicable tax rates	(0.77)	0.72
Dividend and other permanently non-taxable income	(1.14)	(1.22)
Other	0.38	(0.82)
Effective tax rates	22.40%	33.19%

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2018 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
<b>Deferred tax assets:</b>			
Unrealized losses on securities	¥ 1,310	¥ 1,548	\$ 12,331
Liability for retirement benefits	1,564	2,192	14,721
Accounts payable	2,665	2,315	25,085
Loss on impairment of fixed assets	2,191	799	20,623
Accrued bonuses	1,201	1,244	11,305
Other long-term payables	1,157	1,082	10,891
Depreciation and amortization	689	715	6,485
Tax loss carryforwards of consolidated subsidiaries	11,662	10,112	109,770
Other	4,612	6,854	43,411
Gross deferred tax assets	27,051	26,861	254,622
Less: Valuation allowance	(14,643)	(14,843)	(137,830)
Total deferred tax assets	12,408	12,018	116,792
<b>Deferred tax liabilities:</b>			
Deferred capital gain on properties	(1,603)	(1,604)	(15,088)
Unrealized gain (loss) on available-for-sale securities	(12,902)	(9,296)	(121,443)
Revaluation gain recognized upon consolidation	(6,978)	(7,448)	(65,681)
Other	(929)	(3,029)	(8,744)
Total deferred tax liabilities	(22,412)	(21,377)	(210,956)
Net deferred tax (liabilities) assets	¥(10,004)	¥ (9,359)	\$ (94,164)

## 17 | SHAREHOLDERS' EQUITY

The Companies Act of Japan (the "Companies Act") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve or the legal reserve, until the sum of the capital reserve or the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

The Company's legal reserve included in retained earnings at each of March 31, 2018 and 2017 amounted to ¥6,280 million (U.S.\$59,111 thousand).

Under the Companies Act, upon the issuance and sale of new shares of capital stock, the entire amount of the proceeds is required to be accounted for as capital stock, although a company may, by resolution of the Board of Directors, account for an amount not exceeding one-half of the proceeds of the sale of new shares as additional paid-in capital included in capital surplus.

Movements in issued common stock and treasury stock for the years ended March 31, 2018 and 2017 are summarized as follows:

	Number of shares			
	March 31, 2017	Increase	Decrease	2018 March 31, 2018
<b>Common stock and treasury stock:</b>				
Common stock	117,463,685	—	—	117,463,685
Treasury stock	13,373,235	1,172	45,109	13,329,298
	Number of shares			
	March 31, 2016	Increase	Decrease	2017 March 31, 2017
<b>Common stock and treasury stock:</b>				
Common stock	117,463,685	—	—	117,463,685
Treasury stock	9,438,151	4,088,919	153,835	13,373,235

Dividend payments on common stock approved during the years ended March 31, 2018 and 2017 are as follows:

	Millions of yen (Thousands of U.S. dollars)	Yen (U.S. dollars)	2018	
	Total amount of dividend	Dividend per share	Record date	Effective date
<b>Approved by:</b>				
General meeting of shareholders held on June 28, 2017	¥4,684 (\$44,089)	¥45 (\$0.42)	March 31, 2017	June 29, 2017
Board of Directors' meeting held on November 10, 2017	¥4,685 (\$44,098)	¥45 (\$0.42)	September 30, 2017	November 29, 2017
	Millions of yen	Yen	2017	
	Total amount of dividend	Dividend per share	Record date	Effective date
<b>Approved by:</b>				
General meeting of shareholders held on June 28, 2016	¥4,321	¥40	March 31, 2016	June 29, 2016
Board of Directors' meeting held on November 10, 2016	¥4,327	¥40	September 30, 2016	November 29, 2016

## 18 | RESEARCH AND DEVELOPMENT COSTS

Costs relating to research and development activities are charged to income as incurred. Research and development costs included in cost of sales and selling, general and administrative expenses totaled ¥7,778 million (U.S.\$73,212 thousand) and ¥7,650 million for the years ended March 31, 2018 and 2017, respectively.

## 19 | LEASES

### (a) Finance leases

Leased assets presented in the accompanying consolidated balance sheet as of March 31, 2018 consisted of those under finance lease contracts that do not transfer ownership to the lessee and that were principally for vending machines for the instant noodle business.

### (b) Operating leases

The Group has lease commitments under non-cancelable operating leases as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
<b>As a lessee</b>			
Due within one year	¥230	¥144	\$2,165
Due over one year	181	169	1,704
<b>Total</b>	<b>¥411</b>	<b>¥313</b>	<b>\$3,869</b>
	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
<b>As a lessor</b>			
Due within one year	¥ 34	¥ 33	\$ 320
Due over one year	1,397	1,431	13,149
<b>Total</b>	<b>¥1,431</b>	<b>¥1,464</b>	<b>\$13,469</b>

## 20 | DERIVATIVE FINANCIAL INSTRUMENTS

As described in Note 2 (e), the Group utilizes derivatives to hedge the risk of fluctuations in foreign exchange rate and interest rate on certain liabilities.

Contract amounts of outstanding derivative positions accounted for by hedge accounting as of March 31, 2018 and 2017 are ¥622 million (U.S.\$5,855 thousand) and ¥754 million for interest rate swaps, respectively, and ¥1,647 million (U.S.\$15,503 thousand) for the year ended March 31, 2018, for forward foreign exchange contracts.

There was no outstanding balance of derivative contracts that do not qualify for hedge accounting at March 31, 2018 and 2017.

Disclosure of fair value information related to interest rate swaps has been omitted, because interest rate swap contracts are treated as part of the hedged long-term debt; thus, their fair values are integrally computed with those of the hedged long-term debt.

Fair value of forward foreign exchange contracts as of March 31, 2018 is negative ¥51 million (negative U.S.\$480 thousand), which is measured at the quoted price obtained from financial institutions.

## 21 | AMOUNTS PER SHARE

Amounts per share for the years ended March 31, 2018 and 2017 are as follows:

	Yen		U.S. dollars	
	2018	2017	2018	
Equity	¥3,519.36	¥3,276.55	\$33.13	
Cash dividends applicable to the year	90.00	85.00	0.85	

	Net income (Millions of yen)	Weighted- average number of shares (Thousands of shares)	2018		2017
			Per share (Yen)	Per share (U.S. dollars)	Per share (Yen)
Net income—basic	¥29,104	104,122	¥279.52	\$2.63	¥221.33
Stock options	—	510	—	—	—
Net income—diluted	¥29,104	104,632	¥278.16	\$2.62	¥220.25

The amounts per share of equity have been computed based on the number of shares of common stock outstanding at the year-end.

Basic net income per share has been computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective fiscal years together with the interim cash dividends paid.

# 22 | STOCK OPTIONS

Stock options as of March 31, 2018 are as follows:

No.	Date of grant	Persons granted	Number of shares for options			Yen (U.S. dollars)		Millions of yen (Thousands of U.S. dollars)
			Granted and vested	Exercised	Outstanding	Fair value at grant date	Average stock price at exercise	Book value
2	June 26, 2009	12 Directors	74,300	31,500	42,800	¥2,325 (\$22)	—	¥ 99 (\$ 932)
3	June 26, 2009	9 Executive Officers and Employees	3,155	1,752	1,403	¥2,677 (\$25)	—	¥ 4 (\$ 38)
4	June 26, 2009	32 Directors of subsidiaries	11,284	7,797	3,487	¥2,677 (\$25)	¥6,900 (\$65)	¥ 9 (\$ 85)
6	June 29, 2010	11 Directors	73,200	29,900	43,300	¥2,616 (\$25)	—	¥113 (\$1,064)
7	June 29, 2010	10 Executive Officers and Employees	5,710	2,934	2,776	¥3,003 (\$28)	—	¥ 8 (\$ 75)
8	June 29, 2010	31 Directors of subsidiaries	21,329	13,853	7,476	¥3,003 (\$28)	¥6,805 (\$64)	¥ 22 (\$ 207)
9	June 29, 2011	8 Directors	73,200	24,600	48,600	¥2,141 (\$20)	—	¥104 (\$ 979)
10	June 29, 2011	13 Executive Officers	11,049	7,247	3,802	¥2,614 (\$25)	—	¥ 10 (\$ 94)
11	June 29, 2011	35 Directors of subsidiaries	22,677	12,919	9,758	¥2,614 (\$25)	¥6,860 (\$65)	¥ 26 (\$ 245)
13	June 28, 2012	8 Directors	85,900	29,700	56,200	¥2,244 (\$21)	—	¥126 (\$1,186)
14	June 28, 2012	10 Executive Officers	8,666	5,440	3,226	¥2,709 (\$25)	—	¥ 9 (\$ 85)
15	June 28, 2012	36 Directors of subsidiaries	26,477	13,504	12,973	¥2,709 (\$25)	¥6,866 (\$65)	¥ 35 (\$ 329)
17	June 26, 2013	7 Directors	80,000	25,800	54,200	¥3,003 (\$28)	—	¥163 (\$1,534)
18	June 26, 2013	12 Executive Officers	7,990	4,236	3,754	¥3,461 (\$33)	—	¥ 13 (\$ 122)
19	June 26, 2013	36 Directors of subsidiaries	26,914	12,460	14,454	¥3,461 (\$33)	¥6,866 (\$65)	¥ 50 (\$ 471)
21	June 26, 2014	7 Directors	56,500	18,100	38,400	¥4,323 (\$41)	—	¥166 (\$1,563)
22	June 26, 2014	14 Executive Officers and Employees	7,179	2,948	4,231	¥4,805 (\$45)	¥7,948 (\$75)	¥ 20 (\$ 188)
23	June 26, 2014	37 Directors of subsidiaries	19,837	7,877	11,960	¥4,805 (\$45)	¥6,842 (\$64)	¥ 57 (\$ 537)
24	June 25, 2015	8 Directors	52,300	18,500	33,800	¥4,692 (\$44)	—	¥159 (\$1,497)
25	June 25, 2015	16 Executive Officers and Employees	7,284	2,630	4,654	¥5,162 (\$49)	¥7,328 (\$69)	¥ 24 (\$ 226)
26	June 25, 2015	43 Directors of subsidiaries	17,141	5,528	11,613	¥5,162 (\$49)	¥6,809 (\$64)	¥ 60 (\$ 565)
28	June 28, 2016	7 Directors	39,500	12,500	27,000	¥4,830 (\$45)	—	¥130 (\$1,224)
29	June 28, 2016	12 Executive Officers	4,249	355	3,894	¥5,322 (\$50)	¥6,360 (\$60)	¥ 21 (\$ 198)
30	June 28, 2016	17 Directors of subsidiaries	9,627	2,628	6,999	¥5,322 (\$50)	¥6,802 (\$64)	¥ 37 (\$ 348)
31	March 31, 2017	1 Executive Officer	294	294	—	¥6,302 (\$59)	¥6,360 (\$60)	—
32	March 31, 2017	1 Director of subsidiary	227	227	—	¥6,308 (\$59)	¥6,290 (\$59)	—
33	June 7, 2017	3 Directors	33,500	—	33,500	¥6,027 (\$57)	—	¥214 (\$2,014)
34	June 7, 2017	14 Executive Officers	11,048	—	11,048	¥6,841 (\$64)	—	¥ 76 (\$ 715)
35	June 7, 2017	20 Directors of subsidiaries	10,893	1,599	9,294	¥6,841 (\$64)	¥6,948 (\$65)	¥ 64 (\$ 602)

Notes:

1. All stock options granted were vested.
2. The exercise period is 40 years from the grant date of each option.
3. The exercise price is ¥1 for each option.

Stock options as of March 31, 2017 are as follows:

No.	Date of grant	Persons granted	Number of shares for options			Yen		Millions of yen
			Granted and vested	Exercised	Outstanding	Fair value at grant date	Average stock price at exercise	Book value
2	June 26,2009	12 Directors	74,300	31,500	42,800	2,325	5,605	100
3	June 26,2009	9 Executive Officers and Employees	3,155	1,752	1,403	2,677	—	4
4	June 26,2009	32 Directors of subsidiaries	11,284	5,929	5,355	2,677	5,810	14
6	June 29,2010	11 Directors	73,200	29,900	43,300	2,616	5,604	113
7	June 29,2010	10 Executive Officers and Employees	5,710	2,934	2,776	3,003	5,810	8
8	June 29,2010	31 Directors of subsidiaries	21,329	9,026	12,303	3,003	5,500	37
9	June 29,2011	8 Directors	73,200	24,600	48,600	2,141	5,607	104
10	June 29,2011	13 Executive Officers	11,049	7,247	3,802	2,614	5,330	10
11	June 29,2011	35 Directors of subsidiaries	22,677	6,470	16,207	2,614	5,160	42
13	June 28,2012	8 Directors	85,900	29,700	56,200	2,244	5,607	126
14	June 28,2012	10 Executive Officers	8,666	5,440	3,226	2,709	5,160	9
15	June 28,2012	36 Directors of subsidiaries	26,477	5,897	20,580	2,709	5,271	56
17	June 26,2013	7 Directors	80,000	25,800	54,200	3,003	5,607	163
18	June 26,2013	12 Executive Officers	7,990	4,236	3,754	3,461	5,160	13
19	June 26,2013	36 Directors of subsidiaries	26,914	4,660	22,254	3,461	5,471	77
21	June 26,2014	7 Directors	56,500	18,100	38,400	4,323	5,603	166
22	June 26,2014	14 Executive Officers and Employees	7,179	2,759	4,420	4,805	5,160	21
23	June 26,2014	37 Directors of subsidiaries	19,837	1,987	17,850	4,805	5,441	86
24	June 25,2015	8 Directors	52,300	18,500	33,800	4,692	5,600	159
25	June 25,2015	16 Executive Officers and Employees	7,284	1,766	5,518	5,162	5,257	28
26	June 25,2015	43 Directors of subsidiaries	17,141	1,021	16,120	5,162	5,399	83
27	March 31,2016	1 Executive Officer	621	621	—	5,289	5,160	—
28	June 28,2016	7 Directors	39,500	12,500	27,000	4,830	5,604	130
29	June 28,2016	12 Executive Officers	4,249	—	4,249	5,322	—	23
30	June 28,2016	17 Directors of subsidiaries	9,627	—	9,627	5,322	—	51
31	March 31,2017	1 Executive Officer	294	—	294	6,302	—	2
32	March 31,2017	1 Director of subsidiary	227	—	227	6,308	—	1

Notes:

1. All stock options granted were vested.
2. The exercise period is 40 years from the grant date of each option.
3. The exercise price is ¥1 for each option.

The fair value of options granted as of the grant date was estimated using the Black-Scholes option-pricing model based on the following assumptions:

	No. 33	No. 34	No. 35
Volatility of stock price	22.62%	25.27%	25.27%
Estimated remaining outstanding period	13.6 years	3.0 years	3.0 years
Estimated dividend	¥85 per share	¥85 per share	¥85 per share
Risk-free interest rate	0.21%	-0.10%	-0.10%

## 23 | OTHER COMPREHENSIVE INCOME

Other comprehensive income for the years ended March 31, 2018 and 2017 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
<b>Unrealized gain (loss) on available-for-sale securities</b>			
Gain (loss) arising during the year	¥12,884	¥(20,722)	\$121,273
Reclassification adjustments to profit or loss for the year	(1,864)	(8,143)	(17,546)
Amount before income tax effect	11,020	(28,865)	103,727
Income tax effect	(3,614)	8,923	(34,017)
Total	¥ 7,406	¥(19,942)	\$ 69,710
<b>Deferred gain (loss) on derivatives under hedge accounting</b>			
Gain (loss) arising during the year	¥ (52)	¥ (342)	\$ (489)
Reclassification adjustments to profit or loss for the year	—	721	—
Amount before income tax effect	(52)	379	(489)
Income tax effect	16	¥ (117)	\$ 150
Total	¥ (36)	262	(339)
<b>Land revaluation reserve</b>			
Income tax effect	999	53	9,403
Total	¥ 999	¥ 53	\$ 9,403
<b>Foreign currency translation adjustments</b>			
Gain (loss) arising during the year	¥ (6,062)	¥ 2,313	\$ (57,060)
Total	¥ (6,062)	¥ 2,313	\$ (57,060)
<b>Share of other comprehensive income (loss) in associates</b>			
Gain (loss) arising during the year	¥ 931	¥ 1,128	\$ 8,763
Total	¥ 931	¥ 1,128	\$ 8,763
<b>Defined retirement benefit plans</b>			
Gain (loss) arising during the year	¥ 1,683	¥ 420	\$ 15,841
Reclassification adjustments to profit or loss for the year	(420)	4,624	(3,953)
Amount before income tax effect	1,263	5,044	11,888
Income tax effect	(382)	(1,596)	(3,595)
Total	¥ 881	¥ 3,448	\$ 8,293
Total other comprehensive income (loss)	¥ 4,119	¥(12,738)	\$ 38,770

## 24 | SEGMENT INFORMATION

### (a) Overview 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 performed in order to decide how resources are allocated among the Group. According to the

operating unit strategy of the six operating companies in Japan and four overseas business regions, the reportable segments consist of "Nissin Food Products," "Myojo Foods," "Chilled and frozen foods," "The Americas," and "China." The segments of "Nissin Food Products," "Myojo Foods," "The

Americas," and "China" are operating the business of manufacturing and selling cup- and bag-type noodles. The "Chilled and frozen foods" segment is operating the business of manufacturing and selling chilled and frozen foods.

### b) Net sales, income or loss, assets and other items by reportable segments

Millions of yen										
Year ended March 31, 2018	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others	Total	Recon-ciliations	Consolidated
Net sales										
Sales to third party	¥232,932	¥41,488	¥64,005	¥64,456	¥42,583	¥445,464	¥ 70,936	¥516,400	¥ —	¥516,400
Intersegment sales	1,000	5,807	1,409	4	366	8,586	28,716	37,302	(37,302)	—
Total	233,932	47,295	65,414	64,460	42,949	454,050	99,652	553,702	(37,302)	516,400
Segment income (loss)	28,291	2,056	2,141	2,024	3,570	38,082	1,974	40,056	(5,944)	34,112
Segment assets	184,052	51,114	32,352	45,434	61,220	374,172	144,858	519,030	49,082	568,112
Other items										
Depreciation and amortization	6,114	1,535	803	2,001	1,950	12,403	5,493	17,896	—	17,896
Investments in associates	—	—	—	—	—	—	43,048	43,048	—	43,048
Capital investment	33,632	2,222	1,601	3,788	3,396	44,639	7,400	52,039	(32)	52,007
Thousands of U.S. dollars										
Year ended March 31, 2018	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others	Total	Recon-ciliations	Consolidated
Net sales										
Sales to third party	\$2,192,507	\$390,512	\$602,457	\$606,702	\$400,819	\$4,192,997	\$ 667,696	\$4,860,693	\$ —	\$4,860,693
Intersegment sales	9,413	54,659	13,262	38	3,445	80,817	270,293	351,110	(351,110)	—
Total	2,201,920	445,171	615,719	606,740	404,264	4,273,814	937,989	5,211,803	(351,110)	4,860,693
Segment income (loss)	266,293	19,353	20,153	19,051	33,603	358,453	18,580	377,033	(55,949)	321,084
Segment assets	1,732,417	481,118	304,518	427,654	576,243	3,521,950	1,363,498	4,885,448	461,992	5,347,440
Other items										
Depreciation and amortization	57,549	14,448	7,558	18,835	18,355	116,745	51,704	168,449	—	168,449
Investments in associates	—	—	—	—	—	—	405,196	405,196	—	405,196
Capital investment	316,566	20,915	15,070	35,655	31,965	420,171	69,654	489,825	(301)	489,524

#### Notes:

- "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionery, beverages, and overseas businesses in Europe and Asia.
- Segment loss under "Reconciliations" amounted to negative ¥5,944 million (U.S.\$55,949 thousand), consisting of positive ¥683 million (U.S.\$6,429 thousand) from retirement benefit expenses, negative ¥1,673 million (U.S.\$15,747 thousand) from the amortization of goodwill, negative ¥287 million (U.S.\$2,701 thousand) from elimination of intersegment transactions, and negative ¥4,666 million (U.S.\$43,919 thousand) from Group expenses.
- Segment income is reconciled to operating income of consolidated statements of income.
- Segment assets under "Reconciliations" include assets that cannot be allocated to any particular segment amounting to ¥49,082 million (U.S.\$461,992 thousand). The amount mainly consists of ¥21,309 million (U.S.\$200,574 thousand) of surplus investment funds, ¥25,971 million (U.S.\$244,456 thousand) of goodwill, and ¥1,803 million (U.S.\$16,971 thousand) of other investments.

Year ended March 31, 2017	Millions of yen									Recon- ciliations	Consolidated
	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others	Total			
<b>Net sales</b>											
Sales to third party	¥228,561	¥40,612	¥61,794	¥60,420	¥35,987	¥427,374	¥ 68,342	¥495,716	¥ —	¥495,716	
Intersegment sales	874	6,133	1,638	1	187	8,833	28,051	36,884	(36,884)	—	
Total	229,435	46,745	63,432	60,421	36,174	436,207	96,393	532,600	(36,884)	495,716	
Segment income	27,683	1,785	1,933	2,309	3,406	37,116	2,639	39,755	(11,137)	28,618	
Segment assets	166,678	49,242	29,969	44,616	50,564	341,069	129,266	470,335	66,846	537,181	
<b>Other items</b>											
Depreciation and amortization	5,300	1,393	679	2,262	1,321	10,955	4,445	15,400	—	15,400	
Investments in associates	—	—	—	—	—	—	29,375	29,375	—	29,375	
Capital investment	9,639	1,874	1,413	4,220	6,040	23,186	13,157	36,343	(3)	36,340	

## Notes:

1. "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionery, beverages, and overseas businesses in Europe and Asia.
2. Segment loss under "Reconciliations" amounted to negative ¥11,137 million (U.S.\$99,269 thousand), consisting of negative ¥4,276 million (U.S.\$38,114 thousand) from retirement benefit expenses, negative ¥1,872 million (U.S.\$16,686 thousand) from the amortization of goodwill, negative ¥328 million (U.S.\$2,924 thousand) from elimination of intersegment transactions, and negative ¥4,662 million (U.S.\$41,555 thousand) from Group expenses.
3. Segment income is reconciled to operating income of consolidated statements of income.
4. Segment assets under "Reconciliations" include assets that cannot be allocated to any particular segment amounting to ¥66,846 million (U.S.\$595,829 thousand). The amount mainly consists of ¥34,365 million (U.S.\$306,311 thousand) of surplus investment funds, ¥30,465 million (U.S.\$271,548 thousand) of goodwill, and ¥2,016 million (U.S.\$17,970 thousand) of other investments.

**(c) Supplemental information****Information by product or service group**

Year ended March 31, 2018	Millions of yen (Thousands of U.S. dollars)		
	Instant noodle and associated business	Other business	Consolidated
Sales to third parties	¥439,529 (\$4,137,133)	¥76,871 (\$723,560)	¥516,400 (\$4,860,693)

Year ended March 31, 2017	Millions of yen		
	Instant noodle and associated business	Other business	Consolidated
Sales to third parties	¥426,239	¥69,477	¥495,716

## Notes:

1. Classification of the businesses is based on product types and characteristics.

2. Major products of each business:

(1) Instant noodle and associated business: bag-type instant noodles, cup-type instant noodles, chilled foods, and frozen foods

(2) Other business: confectioneries and beverages business

**Geographical information**

Year ended March 31, 2018	Millions of yen (Thousands of U.S. dollars)			
	Japan	The Americas	Other areas	Consolidated
Sales to third parties	¥393,617 (\$3,704,979)	¥64,468 (\$606,815)	¥58,315 (\$548,899)	¥516,400 (\$4,860,693)
Property, plant and equipment	¥164,612 (\$1,549,435)	¥20,468 (\$192,658)	¥28,991 (\$272,882)	¥214,071 (\$2,014,976)

Year ended March 31, 2017	Millions of yen			
	Japan	The Americas	Other areas	Consolidated
Sales to third parties	¥385,304	¥60,435	¥49,977	¥495,716
Property, plant and equipment	¥140,373	¥19,687	¥27,954	¥188,014

Note: Classification of the countries or regions is based on geographical proximity.

**Information by major customer**

	Millions of yen (Thousands of U.S. dollars)		Millions of yen	
	2018		2017	
	Sales	Main reportable segment	Sales	Main reportable segment
Mitsubishi Corporation	¥194,882 (\$1,834,356)	Nissin Food Products	¥180,969	Nissin Food Products
ITOCHU Corporation	¥140,135 (\$1,319,042)	Nissin Food Products	¥138,731	Nissin Food Products

## Information on loss on impairment of fixed assets by reportable segment

Year ended March 31, 2018	Millions of yen (Thousands of U.S. dollars)							Consolidated
	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Others	Eliminations or corporate	
Loss on impairment of fixed assets	¥3,805 (\$35,815)	¥43 (\$405)	¥— (\$—)	¥92 (\$866)	¥185 (\$1,741)	¥1,222 (\$11,502)	¥— (\$—)	¥5,347 (\$50,329)

Note: "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionery, beverages, and overseas businesses in Europe and Asia.

Year ended March 31, 2017	Millions of yen							Consolidated
	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Others	Eliminations or corporate	
Loss on impairment of fixed assets	¥ 86	¥ 35	¥—	¥—	¥ 565	¥ 291	¥—	¥ 977

Note: "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionery, beverages, and overseas businesses in Europe and Asia.

## Information on goodwill by reportable segment

Year ended March 31, 2018	Millions of yen (Thousands of U.S. dollars)							Consolidated
	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Others	Eliminations or corporate	
Amortization of goodwill	¥— (\$—)	¥— (\$—)	¥— (\$—)	¥1,580 (\$14,872)	¥93 (\$875)	¥— (\$—)	¥— (\$—)	¥1,673 (\$15,747)
Balance of goodwill	¥— (\$—)	¥— (\$—)	¥— (\$—)	¥25,638 (\$241,322)	¥333 (\$3,134)	¥— (\$—)	¥— (\$—)	¥25,971 (\$244,456)

Note: "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionery, beverages, and overseas businesses in Europe and Asia.

Year ended March 31, 2017	Millions of yen							Consolidated
	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Others	Eliminations or corporate	
Amortization of goodwill	¥—	¥213	¥—	¥ 1,555	¥ 7	¥97	¥—	¥ 1,872
Balance of goodwill	¥—	¥ —	¥—	¥30,020	¥445	¥—	¥—	¥30,465

Note: "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionery, beverages, and overseas businesses in Europe and Asia.

## 25 | RELATED PARTY TRANSACTIONS

The Group concluded lease contracts with related parties whose shares are wholly owned by certain directors of the Company and their relatives. The amount of lease payments to these companies for the years ended March 31, 2018 and 2017 was ¥442 million (U.S.\$4,160 thousand) and ¥464 million, respectively, and the outstanding balance of lease obligations and other liabilities at March 31, 2018 and 2017 was ¥67 million (U.S.\$631 thousand) and ¥75 million, respectively.

## 26 | SUBSEQUENT EVENTS

### (a) Dividend

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2018, was approved at the meeting of the shareholders of the Company held on June 27, 2018:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥45=U.S.\$0.42 per share)	¥4,686	\$44,108

### (b) Cancellation of treasury stock

NISSIN FOODS HOLDINGS CO., LTD. resolved to cancel treasury shares pursuant to Article 178 of the Companies Act at the meeting of the Board of Directors held on May 10, 2018.

1. The reason for the cancellation of treasury stock	Enhancement of the return of shareholders
2. Details of the board resolution for cancellation of treasury stock	
(1) Type of shares to be cancelled	Common stock of the company
(2) Number of shares to be cancelled	11,763, 685 shares (This number represents 10.01% of total outstanding shares before cancellation)
(3) Date of cancellation	May 24, 2018
(4) Total number of issued shares after the cancellation	105,700,000 shares



Deloitte Touche Tohmatsu LLC  
Shinagawa Intercity  
2-15-3, Konan  
Minato-ku, Tokyo 108-6221  
Japan  
Tel:+81 (3) 6720 8200  
Fax:+81 (3) 6720 8205  
www.deloitte.com/jp/en

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of NISSIN FOODS HOLDINGS CO., LTD.:

We have audited the accompanying consolidated balance sheet of NISSIN FOODS HOLDINGS CO., LTD. and its consolidated subsidiaries as of March 31, 2018, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NISSIN FOODS HOLDINGS CO., LTD. and its consolidated subsidiaries as of March 31, 2018, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

June 27, 2018

Member of  
Deloitte Touche Tohmatsu Limited

## INFORMATION

## BUSINESS AREAS OF CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

As of March 31, 2018

Company	Capital	Business Area	Equity Ownership (%)
<b>CONSOLIDATED SUBSIDIARIES</b>			
NISSIN FOOD PRODUCTS CO., LTD.	¥5,000 million	Instant noodle manufacturing and marketing	100.0
MYOJO FOODS CO., LTD.	¥3,143 million	Instant noodle manufacturing and marketing	100.0
NISSIN CHILLED FOODS CO., LTD.	¥100 million	Chilled food manufacturing and marketing	100.0
NISSIN FROZEN FOODS CO., LTD.	¥100 million	Frozen food manufacturing and marketing	100.0
NISSIN CISCO CO., LTD.	¥2,600 million	Cereals and confectionery manufacturing and marketing	100.0
NISSIN YORK CO., LTD.	¥870 million	Beverage and dairy product manufacturing and marketing	100.0
NISSIN ASSET MANAGEMENT CO., LTD.	¥50 million	Real estate and leasing management	100.0
Sapporo Nissin Co., Ltd.	¥250 million	Instant noodle manufacturing and marketing	100.0 (100.0)
Nissin Plastics Co., Ltd.	¥450 million	Container manufacturing and marketing	100.0 (100.0)
NISSIN F.D. FOODS CO., LTD.	¥100 million	Ingredient manufacturing and marketing	100.0 (100.0)
Kagawa Nissin Food Products Co., Ltd.	¥100 million	Ingredient manufacturing and marketing	100.0 (100.0)
Nissin Enterprise Corporation	¥300 million	Shipping and warehousing	100.0 (100.0)
AJINIHON CO., LTD.	¥95 million	Soup manufacturing and marketing	49.4 (49.4)
NISHINIHON MYOJO CO., LTD.	¥90 million	Instant noodle manufacturing and marketing	100.0 (100.0)
UNI-STAR CO., LTD.	¥150 million	Soup manufacturing and marketing	100.0 (100.0)
HIGASHINIHON MYOJO CO., LTD.	¥90 million	Instant noodle manufacturing and marketing	100.0 (100.0)
Saitama Nissin Food Products Co., Ltd.	¥30 million	Chilled and frozen food manufacturing and marketing	100.0 (100.0)
SAGAMI FRESH CO., LTD.	¥400 million	Chilled food manufacturing and marketing	100.0 (100.0)
Shikoku Nissin Food Products Co., Ltd.	¥98 million	Frozen food manufacturing and marketing	100.0 (100.0)
Takamatsu Nissin Food Products Co., Ltd.	¥80 million	Frozen food manufacturing and marketing	100.0 (100.0)
Mie Nissin Food Products Co., Ltd.	¥100 million	Frozen food manufacturing and marketing	100.0 (100.0)
Circle Liners Co., Ltd.	¥50 million	Shipping and warehousing	100.0 (100.0)
NICKY FOODS CO., LTD.	¥460 million	Frozen food manufacturing and marketing	100.0 (100.0)
UJI KAIHATSU DEVELOPMENT CO., LTD.	¥100 million	Golf course management	98.3 (0.4)
NISSIN NETCOM CO., LTD.	¥24 million	Real estate and restaurant management	100.0
Bonchi Co., Ltd.	¥160 million	Confectionery manufacturing and marketing	50.1
NISSIN FOODS (U.S.A.) CO., INC.	U.S.\$149,706 thousand	Instant noodle manufacturing and marketing	94.4
MYOJO U.S.A., INC.	U.S.\$5,000 thousand	Chilled food manufacturing and marketing	96.0
NISSIN FOODS DE MEXICO S.A. DE C.V.	MXN 215,191 thousand	Instant noodle manufacturing and marketing	100.0
NISSIN FOODS DE COLOMBIA S.A.S.	COP 5,748 million	Instant noodle marketing	100.0
NISSIN TECHNOLOGY ALIMENTOS DO BRASIL LTDA.	BRL 1,038,577 thousand	Offer of the production technology of instant noodle	100.0
NISSIN FOODS DO BRASIL LTDA.	BRL 89,588 thousand	Instant noodle manufacturing and marketing	100.0 (7.1)

Company	Capital	Business Area	Equity Ownership (%)
<b>CONSOLIDATED SUBSIDIARIES</b>			
NISSIN FOODS CO., LTD.	HK\$2,981,458 thousand	Instant noodle manufacturing and marketing/Regional headquarters for China	73.9
WINNER FOOD PRODUCTS LTD.	HK\$29,975 thousand	Instant noodle marketing, and frozen food manufacturing and marketing	73.9 (73.9)
NISSIN FOODS (HK) MANAGEMENT CO., LTD.	HK\$200	Back office and Supporting for China	73.9 (73.9)
NISSIN FOODS (CHINA) HOLDING CO., LTD.	CNY 1,443,797 thousand	Invests in businesses in China and Instant noodle marketing	73.9 (73.9)
SHANGHAI NISSIN FOODS CO., LTD.	U.S.\$44,000 thousand	Instant noodle marketing	73.9 (73.9)
GUANGDONG SHUNDE NISSIN FOODS CO., LTD.	HK\$130,000 thousand	Instant noodle manufacturing and marketing	73.9 (73.9)
DONGGUAN NISSIN PACKAGE CO., LTD.	CNY 147,000 thousand	Instant noodle packaging materials manufacturing and marketing	73.9 (73.9)
Nissin Koikeya Foods (China & HK) Co., Ltd.	HK\$10,000 thousand	Confectionery marketing	48.8 (48.8)
FUJIAN NISSIN FOODS CO., LTD.	CNY 235,000 thousand	Instant noodle manufacturing and marketing	73.9 (73.9)
ZHUHAI GOLDEN COAST WINNER FOOD PRODUCTS LTD.	HK\$84,000 thousand	Instant noodle manufacturing and marketing	52.1 (52.1)
GUANGYOUNGAN FOOD PRODUCTS (SHENZHEN) CO., LTD.	HK\$11,000 thousand	Frozen food marketing	73.9 (73.9)
ZHEJIANG NISSIN FOODS CO., LTD.	CNY 350,000 thousand	Instant noodle manufacturing and marketing	73.9 (73.9)
NISSIN FOODS (H.K.) CO., LTD.	HK\$10,000 thousand	Instant noodle marketing	73.9 (73.9)
MC Marketing & Sales (Hong Kong) LTD.	HK\$1 thousand	Food marketing	37.7 (37.7)
NISSIN FOODS (ASIA) PTE. LTD.	SG\$294,981 thousand	Regional headquarters of Asia	100.0
NISSIN FOODS SINGAPORE PTE, LTD.	SG\$20,989 thousand	Instant noodle marketing	66.0 (66.0)
INDO NISSIN FOODS PRIVATE LTD.	INR 4,459,080 thousand	Instant noodle manufacturing and marketing	65.7 (65.7)
NISSIN FOODS INDIA LTD.	INR 500 thousand	Instant noodle marketing	65.7 (65.7)
Nissin Foods Kft.	HUF 1,000,000 thousand	Instant noodle manufacturing and marketing	100.0
Nissin Foods GmbH	EUR 25 thousand	Instant noodle marketing	100.0 (99.0)
NISSIN YILDIZ GIDA SANAYI VE TICARET A.S.	TRY 99,625 thousand	Instant noodle manufacturing and marketing	50.0
NISSIN FOODS VIETNAM CO., LTD.	U.S.\$59,430 thousand	Instant noodle manufacturing and marketing	100.0 (100.0)
NISSIN FOODS (THAILAND) CO., LTD.	THB 2,618,672 thousand	Instant noodle manufacturing and marketing	66.0 (66.0)
PT. NISSIN FOODS INDONESIA	IDR 451,155 million	Instant noodle manufacturing and marketing	66.0 (56.2)
<b>ASSOCIATES ACCOUNTED FOR BY THE EQUITY METHOD</b>			
THAI PRESIDENT FOODS PUBLIC COMPANY LIMITED	THB 329,704 thousand	Instant noodle manufacturing and marketing	20.0
MAREVEN FOOD HOLDINGS LIMITED	RUB 398 thousand	Holding company of instant noodle businesses	33.5
NISSIN-UNIVERSAL ROBINA CORP.	PHP 189,000 thousand	Instant noodle manufacturing and marketing	49.0 (49.0)
KOIKE-YA Inc.	¥2,269 million	Confectionery manufacturing and marketing	34.5

Note: The figures in ( ) of equity ownership show percentage of indirect ownership.

## INVESTOR INFORMATION

NISSIN FOODS HOLDINGS CO., LTD.

Date of Establishment	September 1948
Number of Employees	720 (parent company) 12,102 (consolidated basis)
Common Stock	Authorized: 500,000,000 shares Issued: 117,463,685 shares Number of Shareholders: 51,503 (Excluding owners of odd-lot shares)
Paid-in Capital	¥25,123 million
Stock Listings	Tokyo Stock Exchange (Ticker Code: 2897)
Independent Auditors	Deloitte Touche Tohmatsu LLC
Transfer Agent	Mizuho Trust & Banking Co., Ltd. 2-1, Yaesu 1-chome, Chuo-ku, Tokyo, Japan

Note: On May 24, 2018, 11,763,685 shares of treasury stock were cancelled.  
Total number of outstanding shares after cancellation is 105,700,000 shares.

## CONSOLIDATED PER SHARE DATA

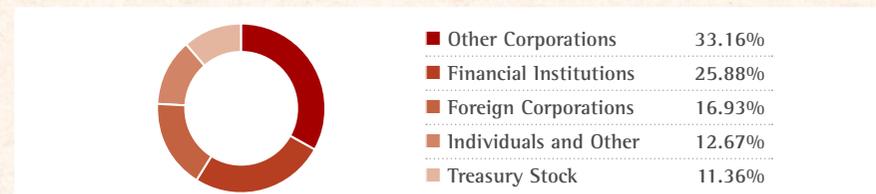
Years ended March 31,	2014	2015	2016	2017	2018
Net income attributable to owners of parent per share (EPS)	¥174.83	¥167.88	¥245.52	¥221.33	¥279.52
Equity (book-value) per share (BPS)	¥3,018.82	¥3,282.02	¥3,332.94	¥3,276.55	¥3,519.36
Price earnings ratio (PER) (Times)	26.6	35.2	21.5	27.9	26.4
Price-to-book ratio (PBR) (Times)	1.5	1.8	1.6	1.9	2.1
Dividend	¥75.00	¥75.00	¥80.00	¥85.00	¥90.00
Payout ratio (%)	42.90	44.70	32.60	38.40	32.20
Share price: High	¥4,735	¥6,620	¥6,620	¥6,580	¥8,470
Low	¥3,550	¥4,510	¥5,110	¥4,950	¥6,170

Notes: 1. From the fiscal year ended March 31, 2008, number of issued shares excludes the number of treasury stock at term-end.  
2. Equity per share = (Equity - Noncontrolling interests - Stock acquisition rights) / Number of shares outstanding as of the year-end (excluding treasury stock)  
3. Price-to-book ratio are calculated based on the share price at year-end.

## FURTHER INFORMATION

For further information, please contact: IR OFFICE, Finance Platform  
Tel: 81-3-3205-5027 Fax: 81-3-3205-5179  
Regularly updated IR information in English is also available on NISSIN FOODS HOLDINGS website at

## DISTRIBUTION OF OWNERSHIP AMONG SHAREHOLDERS

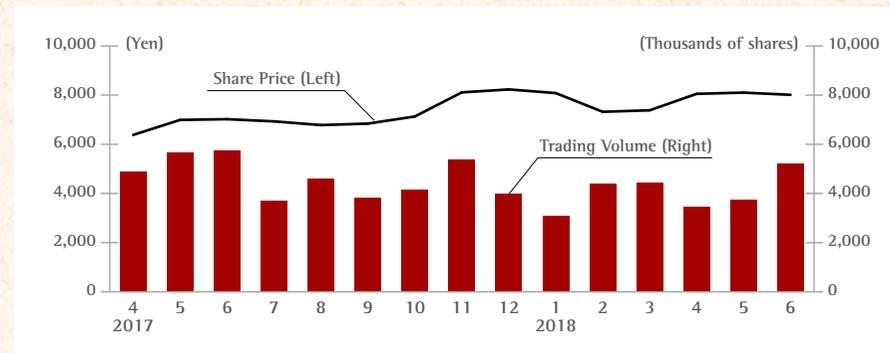


## PRINCIPAL SHAREHOLDERS

Name	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding
Ando Foundation	7,904	6.73%
Mitsubishi Corporation	7,800	6.64
ITOCHU Corporation	5,400	4.60
Ando International Y.K.	3,946	3.36
The Master Trust Bank of Japan, Ltd. (Account in Trust)	3,634	3.09
Mizuho Bank, Ltd.	3,375	2.87
Japan Trustee Services Bank, Ltd. (Account in Trust)	3,241	2.76
JP Morgan Chase Bank, N.A.	3,164	2.69
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,274	1.94
STATE STREET BANK WEST CLIENT - TREATY 505234	1,904	1.62
Total	42,642	36.3

Note: In addition to the above, the Company holds 13,329,200 shares of treasury stock.  
On April 1, 2018, the Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its legal name to MUFG Bank, Ltd.

## SHARE PRICE RANGE AND TRADING VOLUME ON THE TOKYO STOCK EXCHANGE





#### ABOUT THIS REPORT

In keeping with the “integrated thinking” concept advocated by the International Integrated Reporting Committee (IIRC), to give shareholders, investors, and all other stakeholders a comprehensive picture of the NISSIN FOODS Group and our vision for the future, in ANNUAL REPORT 2018 we report not only the Group’s business results and other financial information, but also non-financial information such as the Group philosophy, governance, risk information, food safety measures, human resource initiatives, and environmental and social activities.

We have also tried to express in this report four attributes that we traditionally value as a Group: unique, happy, global, and creative.

#### FORWARD-LOOKING STATEMENT

This report contains forward-looking statements regarding the Company’s plans, outlook, strategies and results for the future that are based on management’s estimates, assumptions and projections at the time of publication. Certain risks and uncertainties could cause the Company’s actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the domestic and international economic circumstances surrounding the Company’s businesses, competitive activity, related laws and regulations, product development programs and exchange fluctuations.



## NISSIN FOODS HOLDINGS CO., LTD.

#### HEAD OFFICE

28-1, 6-chome, Shinjuku, Shinjuku-ku  
Tokyo 160-8524, Japan  
Telephone: 81-3-3205-5111  
Fax: 81-3-3205-5059

#### OSAKA HEAD OFFICE

1-1, 4-chome, Nishinakajima, Yodogawa-ku  
Osaka 532-8524, Japan  
Telephone: 81-6-6305-7711  
Fax: 81-6-6304-1288

#### WEBSITE

#### RESEARCH INSTITUTES

NISSIN Global Innovation Center  
NISSIN Global Food Safety Institute  
FOOD SAFETY EVALUATION RESEARCH INSTITUTE CO., LTD. (Shanghai)