

# Summary of Consolidated Financial Statements for the Nine Months Ended December 31, 2016

[Prepared under Japanese GAAP, UNAUDITED]

NISSIN FOODS HOLDINGS CO., LTD.

Stock code: 2897

Stock exchange listing: Tokyo

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Scheduled date of filing of quarterly report: February 7, 2017 (Japanese only)

Scheduled date of dividend payment: -

Preparation of supplementary documents: Yes

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

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

## 1. Consolidated Financial Results for the Nine Months of the FY2017 (April 1, 2016– December 31, 2016)

### (1) Operating Results

(% figures represent year-on-year changes)

Nine Months of	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY2017	369,838	+6.4	21,718	-2.5	25,323	-8.2	19,893	-13.6
FY2016	347,536	+7.3	22,267	+10.4	27,596	+0.2	23,021	+21.0

Note: Comprehensive income: Nine months of FY2017: ¥4,649 million (down 82.9%) Nine months of FY2016: ¥27,129 million (up1.6%)

Nine Months of	Net income attributable to owners of parent per share (basic)	Net income attributable to owners of parent per share (diluted)
	(¥)	(¥)
FY2017	185.53	184.62
FY2016	209.31	208.21

### (2) Financial Position

As of	Total assets	Total equity	Ratio of equity attributable to owners of parent to total assets
	(¥ million)	(¥ million)	(%)
December 31, 2016	541,361	347,187	61.9
March 31, 2016	553,068	371,688	65.1

Reference: Equity attributable to owners of parent as of December 31, 2016: ¥334,851 million, as of Mar. 31, 2016: ¥360,042 million

## 2. Details of Dividends

	Cash dividend per share				
	End of the First Quarter	End of the Second Quarter	End of the Third Quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
FY2016	—	40.00	—	40.00	80.00
FY2017	—	40.00	—		
FY2017 (Fct.)				40.00	80.00

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

## 3. Forecasts of Consolidated Results for the FY2017 (April 1, 2016–March 31, 2017)

(% figures represent changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income attributable to owners of parent per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
FY2017	500,000	+6.8	27,800	+5.3	31,500	+2.5	22,500	-16.3	207.99

Note: Modifications to the forecast published most recently: None

## Notes

(1) Changes in principal subsidiaries during the nine months of FY2017 (changes in specified subsidiaries that resulted in changes in scope of consolidation): None

-Newly consolidated: None

-Excluded from consolidation: None

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

Note: Refer to “Application of special accounting methods for quarterly consolidated financial statements” on page 5 of this material for further information.

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

1) Changes due to revisions of accounting standards: None

2) Changes other than 1): Yes

3) Changes in accounting estimates: Yes

4) Retrospective restatement: None

Note: Refer to “Changes in significant accounting policy, procedure and presentation methods for consolidated financial statements:” on page 5 of this material for further information.

(4) Number of shares outstanding (common stock)

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

Nine months of FY2017	117,463,685 shares
FY2016	117,463,685 shares

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

Nine months of FY2017	13,373,085 shares
FY2016	9,438,151 shares

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

Nine months of FY2017	107,221,848 shares
Nine months of FY2016	109,991,726 shares

### \*Notes for the implementation status of audit process

This Summary of Consolidated Financial Statements is not subject to the audit process under the Financial Instruments and Exchange Act. As of the day of the disclosure of this release, the audit procedures under the Financial Instruments and Exchange Act had not been completed.

### \*Notes for proper use of forecasts and other remarks

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

## Qualitative Information Concerning Nine Month Results

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

During the nine months under review, the Japanese economy continued a moderate recovery, reflecting continued improvement in employment and income conditions. On the other hand, stagnated consumer spending has lingered, stemming from future anxiety despite the improvement in employment and income conditions. In addition, feelings of future opacity spreads due to an anxiety about an impact from overseas political situation.

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

The following is an overview of consolidated results:

Consolidated results (¥ million)

	Nine Months of FY2016	Nine Months of FY2017	Year on year	
			Amount	%
Net sales	347,536	369,838	+22,302	+6.4
Operating income	22,267	21,718	-549	-2.5
Ordinary income	27,596	25,323	-2,272	-8.2
Net income attributable to owners of parent	23,021	19,893	-3,128	-13.6

The following is an overview of performance by reportable segment:

Net sales by reportable segment (¥ million)

	Net sales		Year on year	
	Nine Months of FY2016	Nine Months of FY2017	Amount	%
Nissin Food Products	167,581	171,990	+4,408	+2.6
Myojo Foods	31,439	30,618	-821	-2.6
Chilled and frozen foods	45,176	46,557	+1,380	+3.1
The Americas	33,019	43,226	+10,207	+30.9
China	30,175	26,072	-4,103	-13.6
Other* <sup>1</sup>	40,142	51,372	+11,230	+28.0
Consolidated	347,536	369,838	+22,302	+6.4

Segment operating income by reportable segment (¥ million)

	Segment operating income or loss		Year on year	
	Nine Months of FY2016	Nine Months of FY2017	Amount	%
Nissin Food Products	19,947	21,158	+1,211	+6.1
Myojo Foods	1,618	1,097	-521	-32.2
Chilled and frozen foods	678	1,757	+1,078	+159.0
The Americas	252	1,057	+804	+318.1
China	2,635	2,151	-484	-18.4
Other* <sup>1</sup>	(489)	2,901	+3,390	—
Total	24,642	30,122	+5,479	+22.2
Reconciliations	(2,374)	(8,403)	-6,029	—
Consolidated	22,267	21,718	-549	-2.5

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

(i) Nissin Food Products

The sales of Nissin Food Products Co., Ltd. increased year on year due to a rise in the sales of cup-type instant noodles.

*CUP NOODLE RICH*, the first premium version of *CUP NOODLE* featuring deluxe soup that is completely new to the product line, and *CUP NOODLE BIG 'Nazoniku Matsuri' Nikumori Pepper Shouyu* with ten times the usual volume of pork mince called "Nazoniku" compared to regular *CUP NOODLE* contributed to sales, in addition to the continuous strong sales of the *CUP NOODLE* series, which celebrated their 45th anniversary. A growth in sales of the long-selling *Nissin-no-Donbei* series, which celebrated their 40th anniversary, was led by strong sales of its core product, *Nissin-no-Donbei Kitsune Udon*. The sales of the *Nissin Yakisoba U.F.O.* series, which also celebrated their 40th anniversary, were strong, because new products under the brand attracted a great deal of attention.

(ii) Myojo Foods

Looking at sales of Myojo Foods Co., Ltd., in bag-type noodles, sales of the *Myojo Charumera* series kept growing, while, in cup-type noodles, the sales of *Myojo Ipeichan Yomise-no-Yakisoba* series decreased year-on-year. Operating income decreased year on year due to factors such as increased marketing costs including promotional and advertisement expenses with an aim to strengthen brand power.

(iii) Chilled and frozen foods

At Nissin Chilled Foods Co., Ltd., in addition to favorable sales of its core brands, *Gyoretsu-no-Dekiru-Mise-no-Ramen* and *Futomen Yakisoba*, and new product *Mazemen* showed strong sales. Moreover, Hiyahi Chuka (cold noodles) series, which are mainstay products in summer season, showed healthy sales.

Nissin Frozen Foods Co., Ltd. saw increased sales mainly led by pasta products, ramen products and Japanese style noodles. In the pasta products, the *Reito NISSIN Mochitto Nama Pasta* series, featured by sticky texture, including "Creamy Bolognese with minced beef and maitake mushroom" continued to show strong sales. In ramen products, the *Reito NISSIN GooTa* series centered on the *Lajao Tan Tan Men*, and Shirunashimen (noodles without soup) centered on *Reito NISSIN Chuka Shirunashi Tan Tan Men Big* increased their sales. Additionally, in Japanese style noodles, *Kamo nanban soba* with selected soup and ingredients showed strong sales and contributed to its overall sales.

(iv) The Americas

The Group aimed to become less susceptible to the effects of price competition and introduced high value- added products including renewed *CUP NOODLES* in the Americas. In Brazil, it worked to strengthen *CUP NOODLES* brand through measures including media promotion with "7 SAMURAI." The overall segment sales and operating income increased year on year mainly due to Nissin Foods do Brasil Ltda. (formerly "Nissin-Ajinomoto Alimentos Ltda."), which has become a consolidated subsidiary since the third quarter of the previous fiscal year

(v) China

In China, the Group is working to expand its geographical sales area in mainland China (north, northeast, and southwest areas) as well as strengthen its *CUP NOODLES* brand. The Group implemented price hikes mainly in the south area from the end of September 2015, and penetrated the new prices in the market. Segment sales decreased year on year due to factors including the effect of exchange rates, partially offset by strong sales of *BIG CUP NOODLES* and *Made-in-Hong Kong Demae Iccho*. Segment operating income also decreased year on year, mainly reflecting the effect of exchange rates and initiatives for the future such as opening two facilities at Hong Kong International airport: "MY CUP NOODLES FACTORY," where visitors can create their own completely original CUP NOODLES packages, and select favorite soup and toppings, and "DEMAE ICCHO FACTORY," where visitors can make their own Demae Iccho noodles by kneading, spreading and steaming the dough and then drying it in hot oil.

**(2) Analysis of Financial Position**

Note: Refer to pages from 6 to 7 for further information.

**(3) Explanation Concerning Consolidated Forecasts**

The full-year forecasts of the consolidated financial results for the fiscal year ending March 2017 (from April 1, 2016 to March 31, 2017), which were announced on November 10, 2016, remain unchanged.

## Details of Notes

### **(1) Changes in principal subsidiaries during the nine months of FY2017 (changes in specified subsidiaries that resulted in changes in scope of consolidation)**

There were no transfers of principal subsidiaries.

Though not a transfer of a specified subsidiary, PT. Nissin Foods Indonesia has been added to the scope of consolidation since the first quarter due to an increase in its importance.

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

Nissin Foods Holdings Co., Ltd. (“the Company”) calculates tax expenses by reasonably assuming an effective tax rate after the application of tax effect accounting for net income before income taxes of the consolidated fiscal year, including the net income before taxes of the nine months under review, and then multiplying the income before income taxes by the said estimated effective tax rate.

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

(Changes in accounting policy that are difficult to distinguish from changes in accounting estimates)

(Change of the method of depreciating tangible fixed assets)

The method of depreciating tangible fixed assets (excluding lease assets) of the Company and its consolidated subsidiaries in Japan has primarily been the declining-balance method. Starting from the first quarter, however, it has been changed to the straight-line method. The Company examined the operation of the tangible fixed assets of the Company and its consolidated domestic subsidiaries in the development of the Medium-term Management Plan and the implementation of “investing in sophisticating plants” as the theme of the strategy, and found that the stable operation of equipment was maintained and the risk of technical obsolescence was low. The Company therefore decided that it would be more appropriate to distribute the depreciation expenses equally over the useful life of assets, and so it changed the method of depreciation to the straight-line method.

As a result, the depreciation expenses for the nine months under review decreased by 2,613 million yen, and each of operating income, ordinary income, and income before tax and other adjustments increased by 2,414 million yen from the amounts based on the conventional method.

### **(4) Additional Information**

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

The Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26 of March 28, 2016) has been applied since the first quarter.

# Consolidated Financial Statements

## 1. Consolidated Balance Sheets

(¥ million)

	As of March 31, 2016	As of December 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	87,110	69,972
Notes and accounts receivable-trade	61,391	71,747
Marketable securities	3,804	4,122
Merchandise and finished goods	12,444	13,241
Raw materials and supplies	14,724	16,605
Others	11,796	14,097
Less: Allowance for doubtful receivables	(347)	(389)
Total current assets	190,923	189,398
Fixed assets		
Tangible fixed assets		
Land	52,694	52,513
Others, net	116,191	129,213
Total tangible fixed assets	168,886	181,727
Intangible fixed assets		
Goodwill	28,549	31,036
Others	13,740	14,165
Total intangible fixed assets	42,290	45,201
Investments and other assets		
Investments in securities	145,246	119,086
Net defined benefit asset	202	288
Others	5,894	5,681
Less: Allowance for doubtful accounts	(374)	(21)
Total investments and other assets	150,968	125,033
Total fixed assets	362,145	351,962
Total assets	553,068	541,361

(¥ million)

As of March 31, 2016

As of December 31, 2016

	As of March 31, 2016	As of December 31, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	51,324	58,566
Short-term borrowings	18,457	24,886
Accrued payables	31,301	34,139
Accrued income taxes	7,262	6,962
Others	22,539	21,358
Total current liabilities	130,885	145,913
Long-term liabilities		
Long-term debt	13,041	15,646
Net defined benefit liability	7,987	7,649
Others	29,465	24,963
Total long-term liabilities	50,494	48,260
Total liabilities	181,380	194,173
<b>Equity</b>		
Shareholders' equity		
Common stock	25,122	25,122
Capital surplus	48,177	49,824
Retained earnings	293,803	304,546
Less: Treasury stock, at cost	(35,836)	(58,189)
Total shareholders' equity	331,267	321,304
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	43,172	24,415
Deferred gain (loss) on derivatives under hedge accounting	(261)	(0)
Land revaluation reserve	(6,379)	(6,436)
Foreign currency translation adjustments	(4,576)	(3,570)
Accumulated adjustments of retirement benefit plans	(3,178)	(861)
Total accumulated other comprehensive income	28,774	13,547
Stock acquisition rights	1,859	1,623
Non-controlling interests	9,786	10,713
Total equity	371,688	347,187
Total liabilities and equity	553,068	541,361

## 2. Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(¥ million)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	347,536	369,838
Cost of sales	192,252	201,438
Gross profit	155,283	168,399
Selling, general and administrative expenses	133,015	146,681
Operating income	22,267	21,718
Non-operating income		
Interest income	619	633
Dividend income	1,350	1,353
Gain on sales of marketable securities	802	1,332
Equity in earnings of associates	2,246	1,178
Others	775	609
Total non-operating income	5,794	5,107
Non-operating expenses		
Interest expense	237	282
Foreign exchange loss	44	787
Others	184	432
Total non-operating expenses	466	1,501
Ordinary income	27,596	25,323
Extraordinary gains		
Gain on sales of fixed assets	268	109
Gain on sales of investments in securities	912	6,828
Margin associated with the acquisition in stages	6,640	-
Insurance proceeds	-	264
Others	-	71
Total extraordinary gains	7,821	7,274
Extraordinary losses		
Loss on disposal of fixed assets	230	178
Impairment loss	-	589
Loss on sales of investments in capital	1,334	-
Loss on valuation of investments in capital of subsidiaries and affiliates	628	-
Bad debt expenses	508	-
Loss on valuation of investment in subsidiaries and affiliates	-	408
Loss due to a fire	-	493
Settlement payout due to contract change	-	585
Loss associated with factory closure	-	512
Others	344	205
Total extraordinary losses	3,045	2,973
Income before income taxes	32,372	29,625
Income taxes	9,252	9,567
Net income	23,119	20,057
Net income attributable to non-controlling interests	98	164
Net income attributable to owners of parent	23,021	19,893



(Consolidated Statements of Comprehensive Income)

(¥ million)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net income	23,119	20,057
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	12,093	(18,982)
Deferred gain (loss) on derivatives under hedge accounting	(65)	261
Land revaluation reserve	-	(56)
Foreign currency translation adjustments	(3,234)	3,280
Adjustments for retirement benefit plans	(885)	2,371
Share of other comprehensive income of equity method affiliates	(3,899)	(2,283)
Total other comprehensive income	4,009	(15,408)
Comprehensive income	27,129	4,649
(Breakdown)		
Comprehensive income attributable to owners of parent	27,301	4,665
Comprehensive income attributable to non-controlling interests	(172)	(16)

### 3. Notes to Consolidated Quarterly Financial Statements

(Going concern assumption)

There was no applicable factor.

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

The Company made a decision on matters regarding the purchase of its own shares in accordance with the provisions of Article 156 of the Companies Act applicable under Article 165, Paragraph 3 of the said Act at a meeting of the Board of Directors held on November 14, 2016. In response to the decision, it purchased 4,088,300 shares of its common stock totaling 22,935 million yen on November 15, 2016. As a result of the purchase of the shares and other measures, its treasury shares increased by 22,353 million yen in the nine months under review and stood at 58,189 million yen at the end of the third quarter under review.

## Segment Information

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

Nine months ended December 31, 2015

(¥ million)

	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others *1	Total	Reconciliations *2	Consolidated *3
Net sales										
Sales to third party	167,581	31,439	45,176	33,019	30,175	307,393	40,142	347,536	-	347,536
Intersegment sales	1,741	4,727	1,194	2	91	7,756	19,807	27,564	(27,564)	-
Total	169,323	36,167	46,371	33,021	30,266	315,150	59,950	375,100	(27,564)	347,536
Segment income (loss)	19,947	1,618	678	252	2,635	25,132	(489)	24,642	(2,374)	22,267

#### (Notes)

\*1. "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionary and beverages business, and overseas businesses in Europe and Asia.

\*2. Operating loss under "Reconciliations" amounted to minus ¥2,374 million, consisting of ¥1,402 million from retirement benefit expenses, minus ¥776 million from the amortization of goodwill, minus ¥77 million from elimination of intersegment transactions and minus ¥3,077 million from group expenses.

\*3. Segment income is reconciled to operating income in the quarterly consolidated statement of income.

### 2. Assets by reportable segment

The amount of assets in "The Americas" business segment increased 12,807 million yen compared to the end of the previous fiscal year due to making Nissin Technology Alimentos do Brasil Ltda. and Nissin Foods do Brasil Ltda. consolidated subsidiaries in the third quarter of the current fiscal year and other factors.

### 3. Impairment loss of fixed assets and goodwill by reportable segment

(Material change in goodwill amount)

The amount of goodwill in "The Americas" business segment increased 35,171 million yen compared to the end of the previous fiscal year due to making Nissin Technology Alimentos do Brasil Ltda. and Nissin Foods do Brasil Ltda. consolidated subsidiaries in the third quarter of the current fiscal year.

**Nine months ended December 31, 2016**

(¥ million)

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

(Notes)

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

**4. Changes in reportable segment**

(Changes in the method of depreciating tangible fixed assets)

As stated in the above paragraph, "Changes in accounting policy that are difficult to distinguish from changes in accounting estimates," the method of depreciating tangible fixed assets (excluding lease assets) of the Company and its consolidated subsidiaries in Japan has primarily been the declining-balance method. In the first quarter under review, however, it has been changed to the straight-line method.

As a result, the segment profit for the nine months under review increased 1,188 million yen in Nissin Food Products, 488 million yen in Myojo Foods, 166 million yen in Chilled and Frozen Foods, and 571 million yen in Other.