

Summary of Consolidated Financial Statements for the Three Months Ended June 30, 2017

[Prepared under Japanese GAAP, UNAUDITED]

NISSIN FOODS HOLDINGS CO., LTD.

Stock code: 2897

Stock exchange listing: Tokyo

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Scheduled date of filing of quarterly report: August 9, 2017 (Japanese only)

Scheduled date of dividend payment: -

Preparation of supplementary documents: Yes

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

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

1. Consolidated Financial Results for the Three Months of the FY2018 (April 1, 2017–June 30, 2017)

(1) Operating Results

(% figures represent year-on-year changes)

Three Months of	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY 2018	119,045	+3.1	7,121	+4.3	8,549	+20.9	5,757	+92.0
FY 2017	115,481	+10.0	6,824	+21.8	7,071	-15.2	2,998	-44.9

Note: Comprehensive income: 1Q of FY 2018: ¥7,260million (-%); 1Q of FY 2017: minus ¥9,659 million (-%)

Three Months of	Net income attributable to owners of parent per share (primary) (¥)	Net income attributable to owners of parent per share (diluted) (¥)
FY 2018	55.31	55.04
FY 2017	27.76	27.60

(2) Financial Position

As of	Total assets (¥ million)	Total equity (¥ million)	Ratio of equity attributable to owners of parent to total assets (%)
June 30, 2017	535,297	357,350	64.2
March 31, 2017	537,180	353,517	63.5

Reference: Equity attributable to owners of parent: as of June 30, 2017: ¥343,687 million, as of March 31, 2017: ¥341,057 million

2. Details of Dividends

	Cash dividend per share				
	End of the 1 st quarter (¥)	End of the 2 nd quarter (¥)	End of the 3 rd quarter (¥)	Year-end (¥)	Total (¥)
FY 2017	—	40.00	—	45.00	85.00
FY 2018	—	—	—	—	—
FY 2018 (Fct.)	—	45.00	—	45.00	90.00

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

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

(% figures represent changes from the previous 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)	(%)	(¥)	
FY 2018	520,000	+4.9	34,000	+18.8	37,000	+12.6	24,500	+4.0	235.37	

Note: Modifications to the forecast published most recently: None

Notes:

(1) Changes in principal subsidiaries during the three months of FY 2018 (changes in specified subsidiaries that resulted in changes in scope of consolidation): None
-Newly consolidated: None
-Excluded from consolidation: None

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

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

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

1) Changes due to revisions of accounting standards: None

2) Changes other than 1): None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Number of shares outstanding (common stock)

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

Three months of FY 2018 117,463,685 shares

FY 2017 117,463,685 shares

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

Three months of FY 2018 13,363,848 shares

FY 2017 13,373,235 shares

3) Average number of shares outstanding during the period:

Three months of FY 2018 104,099,308 shares

Three months of FY 2017 108,035,401 shares

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

* Notes for proper use of forecasts and other remarks

Disclaimer regarding appropriate use of forecasts:

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

Qualitative Information Concerning Three Months Results

(1) Qualitative Information Concerning Consolidated Business Results

During the three months under review, the global economy showed a moderate recovery as a whole against a backdrop of improving employment situations and robust consumer spending in North America and Europe, while there still are uncertainties regarding the political outlook and policy operations. In Asia, the slowdown of the Chinese economy appeared to have ended and emerging economies showed signs of recovery.

In Japan, the economy showed a moderate recovery given that corporate earnings appeared to commence an upward trend amid improving consumer spending helped by the rising stock market.

Under this environment, based on the “Medium-Term Management Plan 2021,” of which term covers five years from the fiscal year ended 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 performance by reportable segment:

Consolidated results (¥ million)

	Three Months of FY2017	Three Months of FY2018	Year on year	
			Amount	%
Net sales	115,481	119,045	+3,564	+3.1
Operating income	6,824	7,121	+296	+4.3
Ordinary income	7,071	8,549	+1,477	+20.9
Net income attributable to owners of parent	2,998	5,757	+2,758	+92.0

The following is an overview of performance by reportable segment:

Net sales by reportable segment (¥ million)

	Net sales		Year on year	
	Three Months of FY2017	Three Months of FY2018	Amount	%
Nissin Food Products	51,775	52,043	+267	+0.5
Myojo Foods	9,992	9,743	-248	-2.5
Chilled and frozen foods	14,975	15,846	+870	+5.8
The Americas	12,805	13,950	+1,145	+8.9
China	8,382	9,475	+1,092	+13.0
Other* ¹	17,549	17,986	+436	+2.5
Total	115,481	119,045	+3,564	+3.1

Segment operating income by reportable segment

(¥ million)

	Segment operating income or loss		Year on year	
	Three Months of FY2017	Three Months of FY2018	Amount	%
Nissin Food Products	6,146	5,581	-564	-9.2
Myojo Foods	397	618	+221	+55.6
Chilled and frozen foods	595	620	+24	+4.2
The Americas	642	627	-15	-2.4
China	770	622	-147	-19.1
Other* ¹	1,142	592	-549	-48.1
Total	9,694	8,664	-1,030	-10.6
Reconciliations	(2,870)	(1,542)	+1,327	-46.2
Consolidated	6,824	7,121	+296	+4.3

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

(i) Nissin Food Products

The sales of Nissin Food Products Co., Ltd. increased year on year with a rise in sales of cup-type noodles and instant rice products.

In cup-type noodles, sales of the *CUP NOODLE* series was steady. Another contributor to this product category in terms of sales was *CUP NOODLE NICE*, a new product line featuring rich soup launched recently, distinguished by 50% less fat, 40% less carbohydrates, and only 178 kilocalories. In the category of instant rice products, sales of *CURRY MESH*I remained strong. This is a new type of instant curry rice that was renewed in August 2016 as a product that needs only hot water to cook it. *CUP NOODLE BUKKOMI MESH*I and *CHICKEN RAMEN BUKKOMI MESH*I were launched and also contributed to the sales growth in this category during the three months under review. Operating income fell on a year-on-year basis, reflecting higher advertising expenses and other factors.

(ii) Myojo Foods

Looking at the sales of Myojo Foods Co., Ltd., the *Myojo Charumera* series of bag-type noodles kept growing in terms of sales, while in cup-type noodles, sales of the *Myojo Ippetchan Yomise-no-Yakisoba* series decreased year on year. As a result, sales of instant noodles as a whole dropped. Operating income increased year on year, reflecting an improvement in the CoGS ratio and other factors.

(iii) Chilled and frozen foods

At Nissin Chilled Foods Co., Ltd., sales of *Gyoretsu-no-Dekiru-Mise-no-Ramen*, a core brand of ramen products, and Hiyashi Chuka (cold noodles) series, were strong. However, demand for chilled noodles remains sluggish. In addition, the market environment has become increasingly challenging. As a result, sales of Nissin Chilled Foods Co., Ltd. fell on a year-on-year basis.

Nissin Frozen Foods Co., Ltd. saw increased sales mainly led by pasta and ramen products with precooked ingredients. 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* increased their sales.

(iv) The Americas

The Group aimed to become less susceptible to the effects of price competition. It is working to introduce high value-added products in line with market needs and to secure sales and profits from existing brands. For these purposes, we had upwardly-revised prices of its products penetrated in Brazil where we saw an accelerating inflation and had *CUP NOODLES* renewed and introduced both in the U.S. and Brazil in September 2016.

Thanks to these initiatives, overall segment sales for the Americas grew but operating income fell slightly year on year, reflecting higher expenses related to advertising and sales promotion activities.

(v) China

In China, despite the shrinking instant noodle market size of mainland 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.

Despite negative factors such as currency exchange rate fluctuations and the sluggish demand for instant noodle products, China business segment achieved sales growth reflecting a contribution from MC Marketing & Sales (Hong Kong) Limited, which became a consolidated subsidiary in the fourth quarter of the previous fiscal year.

(2) Analysis of Financial Position

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

(3) Explanation Concerning Consolidated Forecasts

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

Consolidated Financial Statements

1. Consolidated Balance Sheets

(¥ Million)

	FY2017 As of March 31, 2017	FY2018 As of June 30, 2017
Assets		
Current assets		
Cash and deposits	70,919	57,441
Notes and accounts receivable—trade	65,290	58,745
Marketable securities	1,155	1,154
Finished goods and merchandise	12,697	14,379
Raw materials and supplies	16,209	16,183
Others	11,999	14,391
Allowance for doubtful receivables	(385)	(369)
Total current assets	177,887	161,927
Fixed assets		
Tangible fixed assets		
Building and structures, net	60,936	65,704
Land	52,748	53,034
Others, net	74,328	81,873
Total tangible fixed assets	188,013	200,611
Intangible fixed assets		
Goodwill	30,464	28,737
Others	13,606	12,575
Total intangible fixed assets	44,070	41,312
Investments and other assets		
Investments in securities	120,136	124,990
Liability for retirement benefit	335	311
Others	6,868	6,277
Less: Allowance for doubtful accounts	(132)	(133)
Total investments and other assets	127,208	131,446
Total fixed assets	359,293	373,370
Total assets	537,180	535,297
Liabilities		
Current liabilities		
Notes and accounts payable—trade	51,705	50,748
Short-term borrowings	18,450	20,852
Accrued payables	32,961	32,106
Accrued income taxes	7,926	4,127
Others	24,804	22,615
Total current liabilities	135,847	130,451
Long-term liabilities		
Long-term borrowings	15,867	14,556
Liability for retirement benefits	7,346	7,290
Others	24,601	25,649
Total long-term liabilities	47,815	47,496
Total liabilities	183,662	177,947

(¥ Million)

	FY2017	FY2018
	As of March 31, 2017	As of June 30, 2017
Equity		
Shareholders' equity		
Common stock	25,122	25,122
Capital surplus	49,823	49,818
Retained earnings	308,074	309,241
Treasury stock, at cost	(58,190)	(58,149)
Total shareholders' equity	324,830	326,032
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	23,794	26,873
Deferred gains (losses) on hedges	-	2
Land revaluation reserve	(6,382)	(6,382)
Foreign currency translation adjustments	(1,403)	(3,000)
Accumulated adjustment for retirement benefits	218	161
Total accumulated other comprehensive income	16,227	17,654
Stock acquisition rights	1,626	1,952
Non-controlling interests	10,833	11,710
Total equity	353,517	357,350
Total liabilities and equity	537,180	535,297

2. Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(¥ Million)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	115,481	119,045
Cost of goods sold	63,267	65,166
Gross profit	52,213	53,878
Selling, general and administrative expenses	45,388	46,757
Operating income	6,824	7,121
Non-operating income		
Interest income	193	186
Dividend income	662	667
Equity in earnings of affiliates	360	517
Others	153	254
Total non-operating income	1,370	1,625
Non-operating expenses		
Interest expenses	92	98
Foreign exchange loss	859	12
Others	170	86
Total non-operating expenses	1,123	197
Ordinary income	7,071	8,549
Extraordinary gains		
Gain on sales of fixed assets	10	6
Gain on sales of investments in securities	97	177
Insurance proceeds	-	412
Others	-	34
Total extraordinary gains	107	632
Extraordinary losses		
Loss on disposal of fixed assets	34	102
Loss due to a fire	454	-
Loss on valuation of investment securities	-	60
Others	7	4
Total extraordinary losses	495	167
Income before income taxes	6,683	9,014
Total income taxes	3,608	3,187
Net income	3,075	5,826
Net income attributable to non-controlling interests	76	69
Net income attributable to owners of parent	2,998	5,757

(Consolidated Statements of Comprehensive Income)

(¥ Million)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net income	3,075	5,826
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(7,644)	3,022
Deferred gains (losses) on hedges	(265)	2
Foreign currency translation adjustments	(5,514)	(1,840)
Remeasurements of defined benefit plans	790	(63)
Share of other comprehensive income (loss) of entities accounted for by the equity method	(100)	312
Total other comprehensive income (loss)	(12,734)	1,433
Comprehensive income (loss)	(9,659)	7,260
Total comprehensive income (loss) attributable to:		
Owners of parent	(9,718)	7,185
Non-controlling interests	58	75

3. Notes to Consolidated Quarterly Financial Statements

(Going concern assumption)

There was no applicable factor.

(Notes on material changes in shareholders' equity state)

There was no applicable factor.

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

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

(Additional information)

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

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

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

Segment Information

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

Three months ended June 30, 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	51,775	9,992	14,975	12,805	8,382	97,931	17,549	115,481	—	115,481
Intersegment sales	305	1,610	384	0	45	2,347	6,953	9,301	(9,301)	—
Total	52,081	11,602	15,360	12,805	8,428	100,278	24,503	124,782	(9,301)	115,481
Segment income (loss)	6,146	397	595	642	770	8,552	1,142	9,694	(2,870)	6,824

(Notes)

- *1. "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionary and beverages business, and overseas businesses in Europe and Asia.
- *2. Operating income under "Reconciliations" amounted to minus ¥2,870 million, consisting of minus ¥1,097 million from retirement benefit expenses, minus ¥488 million from the amortization of goodwill, minus ¥119 million from elimination of intersegment transactions and minus ¥1,165 million from group expenses.
- *3. Segment income is reconciled to operating income in the quarterly consolidated statement of income.

Three months ended June 30, 2017

(¥ 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	52,043	9,743	15,846	13,950	9,475	101,058	17,986	119,045	—	119,045
Intersegment sales	175	1,234	349	1	27	1,788	6,807	8,596	(8,596)	—
Total	52,218	10,977	16,195	13,952	9,502	102,846	24,794	127,641	(8,596)	119,045
Segment income (loss)	5,581	618	620	627	622	8,071	592	8,664	(1,542)	7,121

(Notes)

- *1. "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionary and beverages business, and overseas businesses in Europe and Asia.
- *2. Operating income under "Reconciliations" amounted to minus ¥1,542 million, consisting of ¥152 million from retirement benefit expenses, minus ¥418 million from the amortization of goodwill, minus ¥110 million from elimination of intersegment transactions and minus ¥1,166 million from group expenses.
- *3. Segment income is reconciled to operating income in the quarterly consolidated statement of income.