

Summary of Consolidated Financial Statements for the Six Months (1st Half) Ended September 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: November 10, 2017 (Japanese only)

Scheduled date of dividend payment: November 29, 2017

Preparation of supplementary documents: Yes

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

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

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

(1) Operating Results

(% figures represent year-on-year changes)

Six Months of	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY 2018	247,317	+4.9	15,340	+30.7	19,005	+38.0	14,112	+15.5
FY 2017	235,844	+8.2	11,735	-5.3	13,768	-14.4	12,215	+12.9

Note: Comprehensive income: 1H of FY 2018: ¥19,803million (-%); 1H of FY 2017: minus ¥17,845 million (-%)

Six Months of	Net income attributable to owners of parent per share (primary)	Net income attributable to owners of parent per share (diluted)
	(¥)	(¥)
FY 2018	135.55	134.89
FY 2017	112.99	112.42

(2) Financial Position

As of	Total assets	Total equity	Ratio of equity attributable to owners of parent to total assets
	(¥ million)	(¥ million)	(%)
September 30, 2017	543,808	369,816	65.5
March 31, 2017	537,180	353,517	63.5

Reference: Equity attributable to owners of parent as of Sep. 30, 2017: ¥356,170 million, as of Mar. 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	—	45.00	—	—	—
FY 2018 (Fct.)	—	—	—	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)

FY 2018	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)	(%)	
	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 six 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:

Six 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:

Six months of FY 2018	13,343,692 shares
FY 2017	13,373,235 shares

3) Average number of shares outstanding during the period:

Six months of FY 2018	104,109,727 shares
Six months of FY 2017	108,106,536 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 Six Months Results

(1) Qualitative Information Concerning Consolidated Business Results

During the six months under review, the global economy showed a recovery overall, although there were still uncertainties regarding the political outlook and policy operations. In Western countries, solid growth was maintained with the employment situations improving and consumer spending picking up. In Asia, the economy was on a recovery trend mainly thanks to consumer spending and demand for infrastructure in emerging economies, despite the growing geopolitical risk.

In Japan, the economy continued to show a moderate recovery given signs of recovery in consumer spending backed by improvements in corporate earnings and the employment and income conditions.

Under this environment, based on the “Medium-Term Business 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)

	Six Months of FY2017	Six Months of FY2018	Year on year	
			Amount	%
Net sales	235,844	247,317	+11,473	+4.9
Operating income	11,735	15,340	+3,604	+30.7
Ordinary income	13,768	19,005	+5,236	+38.0
Net income attributable to owners of parent	12,215	14,112	+1,897	+15.5

The following is an overview of performance by reportable segment:

Net sales by reportable segment

(¥ million)

	Net sales		Year on year	
	Six Months of FY2017	Six Months of FY2018	Amount	%
Nissin Food Products	105,215	107,891	+2,676	+2.5
Myojo Foods	20,080	19,901	-179	-0.9
Chilled and frozen foods	30,560	31,992	+1,432	+4.7
The Americas	27,560	30,764	+3,204	+11.6
China	17,458	20,983	+3,524	+20.2
Other*1	34,969	35,784	+815	+2.3
Total	235,844	247,317	+11,473	+4.9

Segment operating income by reportable segment

(¥ million)

	Segment operating income or loss		Year on year	
	Six Months of FY2017	Six Months of FY2018	Amount	%
Nissin Food Products	10,752	11,833	+1,081	+10.1
Myojo Foods	728	1,039	+310	+42.6
Chilled and frozen foods	1,078	1,202	+124	+11.5
The Americas	745	1,127	+381	+51.2
China	1,817	1,808	-8	-0.5
Other*1	2,278	1,334	-944	-41.4
Total	17,401	18,345	+944	+5.4
Reconciliations	(5,665)	(3,004)	+2,660	-47.0
Consolidated	11,735	15,340	+3,604	+30.7

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

(i) Nissin Food Products

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

In cup-type noodles, sales of the *CUP NOODLE* series remained steady, including *CUP NOODLE NICE*, a new product line featuring a rich soup that was 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 also 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. In addition, newly launched *CUP NOODLE BUKKOMI MESH*I and *CHICKEN RAMEN BUKKOMI MESH*I also contributed to the sales growth in this category during the six months under review.

(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. In cup-type noodles, however, sales of the *Myojo Ippetchan Yomise-no-Yakisoba* series decreased year on year because the company refrained from launching new products, although sales of the *Myojo Bubuka* series and the *Myojo Charumera Cup* series were strong. As a result, sales of instant noodles as a whole declined slightly year on year. Operating income increased year on year, reflecting improvements in productivity, the CoGS ratio and the sales expense ratio.

(iii) Chilled and frozen foods

At Nissin Chilled Foods Co., Ltd., sales remained steady thanks to the strong performance of *Gyoretsu-no-Dekiru-Mise-no-Ramen*, a core brand of ramen products. 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. As for ramen products with precooked ingredients, products such as *Reito NISSIN Chuka Shirunashi Tan Tan Men* and *Reito NISSIN GooTa Lajao Tan Tan Men* showed strong 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 *CUP NOODLES* renewed and introduced in both the U.S. and Brazil in September 2016. Thanks to these initiatives, overall segment sales for the Americas grew.

(v) China

In China, the instant noodle market has bottomed out in mainland China, and the market for high-end products is expanding. In this environment, the Group is working to increase its geographical sales area in mainland China (the north, northeast, and southwest areas) as well as to strengthen the brand of *Hap Mei Do*, its *CUP NOODLE* brand in China. The 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. Operating income declined slightly year on year, mainly due to an increase in depreciation associated with the operation of new plants.

(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 September 30, 2017
Assets		
Current assets		
Cash and deposits	70,919	52,008
Notes and accounts receivable - trade	65,290	68,309
Marketable securities	1,155	653
Finished goods and merchandise	12,697	13,586
Raw materials and supplies	16,209	17,188
Others	11,999	14,505
Less: Allowance for doubtful receivables	(385)	(397)
Total current assets	177,887	165,854
Fixed assets		
Tangible fixed assets		
Building and structures, net	60,936	67,204
Machinery, equipment and vehicles, net	50,689	58,817
Land	52,748	53,133
Others, net	23,639	28,795
Total tangible fixed assets	188,013	207,950
Intangible fixed assets		
Goodwill	30,464	29,756
Others	13,606	12,475
Total intangible fixed assets	44,070	42,232
Investments and other assets		
Investments in securities	120,136	121,156
Liability for retirement benefits	335	321
Others	6,868	6,470
Less: Allowance for doubtful accounts	(132)	(177)
Total investments and other assets	127,208	127,770
Total fixed assets	359,293	377,953
Total assets	537,180	543,808

(¥ Million)

	FY2017 As of March 31, 2017	FY2018 As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	51,705	55,096
Short-term borrowings	18,450	3,194
Accrued payables	32,961	33,646
Accrued income taxes	7,926	6,440
Others	24,804	25,946
Total current liabilities	135,847	124,324
Long-term liabilities		
Long-term debt	15,867	16,120
Liability for retirement benefits	7,346	7,235
Others	24,601	26,311
Total long-term liabilities	47,815	49,666
Total liabilities	183,662	173,991
Equity		
Shareholders' equity		
Common stock	25,122	25,122
Capital surplus	49,823	49,818
Retained earnings	308,074	317,596
Less: Treasury stock, at cost	(58,190)	(58,063)
Total shareholders' equity	324,830	334,475
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	23,794	28,189
Deferred gains (losses) on hedges	-	3
Land revaluation reserve	(6,382)	(6,382)
Foreign currency translation adjustments	(1,403)	(219)
Accumulated adjustment for retirement benefits plans	218	104
Total accumulated other comprehensive income	16,227	21,695
Stock acquisition rights	1,626	1,870
Non-controlling interests	10,833	11,775
Total equity	353,517	369,816
Total liabilities and equity	537,180	543,808

2. Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(¥ Million)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	235,844	247,317
Cost of sales	129,581	135,570
Gross profit	106,262	111,747
Selling, general and administrative expenses	94,526	96,406
Operating income	11,735	15,340
Non-operating income		
Interest income	417	468
Dividend income	907	778
Gain on sales of marketable securities	1,024	888
Equity in earnings of affiliates	647	1,340
Others	396	673
Total non-operating income	3,392	4,148
Non-operating expenses		
Interest expenses	193	219
Foreign exchange loss	951	15
Others	214	249
Total non-operating expenses	1,360	484
Ordinary income	13,768	19,005
Extraordinary gains		
Gain on sales of fixed assets	22	38
Gain on sales of investments in securities	6,828	551
Insurance proceeds	-	415
Others	35	34
Total extraordinary gains	6,887	1,040
Extraordinary losses		
Loss on disposal of fixed assets	103	165
Impairment loss	546	19
Loss due to a fire	480	-
Loss on valuation of investment securities	-	59
Loss on valuation of stocks of subsidiaries and affiliates	408	184
Settlement payout due to contract change	536	-
Others	28	90
Total extraordinary losses	2,102	519
Income before income taxes	18,552	19,526
Total income taxes	6,185	5,301
Net income	12,367	14,225
Net income attributable to non-controlling interests	151	112
Net income attributable to owners of parent	12,215	14,112

(Consolidated Statements of Comprehensive Income)

(¥ Million)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net income	12,367	14,225
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(20,790)	4,393
Deferred gain (loss) on hedges	(21)	3
Land revaluation reserve	(25)	-
Foreign currency translation adjustments	(9,033)	1,603
Adjustments of defined benefit plans	1,580	(137)
Share of other comprehensive income (loss) of entities accounted for by the equity method	(1,922)	(284)
Total other comprehensive income (loss)	(30,212)	5,578
Comprehensive income (loss)	(17,845)	19,803
Total comprehensive income (loss) attributable to:		
Owners of parent	(17,686)	19,580
Non-controlling interests	(158)	223

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 half 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 second 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:

Six months ended September 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	105,215	20,080	30,560	27,560	17,458	200,874	34,969	235,844	-	235,844
Intersegment sales	473	2,919	756	1	161	4,314	14,013	18,327	(18,327)	-
Total	105,689	23,000	31,317	27,561	17,620	205,188	48,983	254,172	(18,327)	235,844
Segment income (loss)	10,752	728	1,078	745	1,817	15,122	2,278	17,401	(5,665)	11,735

(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 ¥5,665 million, consisting of minus ¥2,187 million from retirement benefit expenses, minus ¥985 million from the amortization of goodwill, minus ¥161 million from elimination of intersegment transactions and minus ¥2,330 million from group expenses.
- *3. Segment income is reconciled to operating income in the quarterly consolidated statement of income.

Six months ended September 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	107,891	19,901	31,992	30,764	20,983	211,533	35,784	247,317	-	247,317
Intersegment sales	424	2,549	708	2	182	3,867	14,067	17,935	(17,935)	-
Total	108,316	22,450	32,701	30,766	21,165	215,401	49,852	265,253	(17,935)	247,317
Segment income (loss)	11,833	1,039	1,202	1,127	1,808	17,011	1,334	18,345	(3,004)	15,340

(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 ¥3,004 million, consisting of ¥305 million from retirement benefit expenses, minus ¥847 million from the amortization of goodwill, minus ¥129 million from elimination of intersegment transactions and minus ¥2,333 million from group expenses.
- *3. Segment income is reconciled to operating income in the quarterly consolidated statement of income.