

Summary of Consolidated Financial Statements for the Nine Months Ended December 31, 2018

[Prepared under IFRS, UNAUDITED]

NISSIN FOODS HOLDINGS CO., LTD.

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Scheduled date of dividend payment: -

Preparation of supplementary documents: Yes

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

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

1. Consolidated Financial Results for the Nine Months of the FY2019 (April 1, 2018–December 31, 2018)

(1) Consolidated Operating Results

(% figures represent year-on-year changes)

Nine Months of	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY 2019	336,759	+2.1	34,772	(3.3)	36,500	(3.6)	24,708	(14.9)
FY 2018	329,827	—	35,946	—	37,865	—	29,039	—

Nine Months of	Basic earnings per share	Diluted earnings per share
	(¥)	(¥)
FY 2019	237.25	236.04
FY 2018	278.91	277.55

(2) Consolidated Financial Position

As of	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent to total assets
	(¥ million)	(¥ million)	(¥ million)	(%)
December 31, 2018	565,128	358,013	334,033	59.1
March 31, 2018	528,726	353,128	329,776	62.4

2. Details of Dividends

	Cash dividend per share				
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2018	—	45.00	—	45.00	90.00
FY 2019	—	55.00	—	—	—
FY 2019 (Forecast)	—	—	—	55.00	110.00

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

3. Forecasts of Consolidated Financial Results for the FY 2019 (April 1, 2018–March 31, 2019)

(% figures represent changes from the previous year)

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
FY 2019	455,000	+3.2	36,000	+2.3	26,000	(10.8)	249.68

Note: Modifications to the forecast published most recently: None

* The percentages changes from the same period of the previous fiscal year are calculated using the figures for the result of the fiscal year ended March 31, 2018 that conform to the International Financial Reporting Standards (IFRS).

Notes:

- (1) Changes in principal subsidiaries during the nine months of FY 2019 (changes in specified subsidiaries that resulted in changes in scope of consolidation): None
-Newly consolidated: None
-Excluded from consolidation: None
- (2) Changes in significant accounting policy and changes in accounting estimates:
1) Changes in accounting policies required by IFRS: None
2) Changes in accounting policies other than 1): None
3) Changes in accounting estimates: None
- (3) Number of shares outstanding (common stock)
1) Number of shares outstanding (including treasury shares) as of the end of:
 Nine months of FY 2019 105,700,000 shares
 FY 2018 117,463,685 shares
2) Number of treasury shares as of the end of:
 Nine months of FY 2019 1,542,968 shares
 FY 2018 13,329,298 shares
3) Average number of shares during the period:
 Nine months of FY 2019 104,148,753 shares
 Nine months of FY 2018 104,117,898 shares

* This summary of quarterly consolidated financial statements is outside the scope of review by certified public accountants or audit firms.

* Notes for proper use of forecasts and other remarks

Adoption of IFRS:

The Group has adopted IFRS starting from the first quarter of the fiscal year ending March 31, 2019. Figures for the same period of the previous fiscal year and the fiscal year ended March 31, 2018 are also presented in accordance with IFRS. For details about the differences between IFRS and Japanese GAAP with respect to financial figures, please refer to page 18 “First-time adoption.”

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” for the conditions of assumptions for the forecast and cautions to use forecast.

1. Qualitative Information Concerning Nine Months Results

The Group has adopted IFRS from the first quarter of the current consolidated fiscal year and compares and analyses figures for the third quarter of the previous consolidated fiscal year and the previous consolidated fiscal year by reclassifying them into IFRS.

(1) Qualitative Information Concerning Consolidated Business Results

During the nine-month period under review, concern over the future of the global economy spread amid growing uncertainty, such as the direction of the U.S.-China trade friction and BREXIT, although solid domestic demand drove the economy on a regional basis. Against the backdrop of the expansion in domestic demand, corporate earnings continued to remain on a recovery path and capital spending increased steadily in Europe and the U.S. In addition, reflecting favorable income conditions, consumer spending continued to recover and the economy there remained solid. Meanwhile, the economy in Asia was on a downward trend due to the continuing weakness of currencies in emerging countries, the effect of the interest-rate hike in the U.S., as well as the slowdown on imports and falling interest in investment in China attributable to its trade friction with the U.S.

In Japan, a sense of uncertainty about the future was spreading due to growing concerns about the uncertainty of the global economy, despite continued improvements in employment and income conditions, in addition to increasing capital investments reflecting firm corporate earnings.

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 following strategies: 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 and 5) Developing and strengthening human resources for global management.

< Consolidated results >

(¥ Million)

	Nine months of FY2018	Nine months of FY2019	Year on year	
			Amount	%
Revenue	329,827	336,759	+6,932	+2.1
Operating profit	35,946	34,772	(1,173)	(3.3)
Profit before tax	37,865	36,500	(1,364)	(3.6)
Profit attributable to owners of parent	29,039	24,708	(4,330)	(14.9)

The following is an overview of performance by reportable segment:

1) NISSIN FOOD PRODUCTS

NISSIN FOOD PRODUCTS saw a rise in sales year on year, reflecting increased sales of cup-type noodles and bag-type noodle products.

In cup-type noodles, sales of the *CUP NOODLE* brand increased with the launch of *NISSIN FOOD 60th ANNIVERSARY CUP NOODLE* to commemorate the 60th anniversary of NISSIN FOOD PRODUCTS Co., Ltd. and *CUP NOODLE MEMORIAL PACKAGE FEATURING NAOMI OSAKA*, among other products. Sales of the *NISSIN-NO-DONBEI* series and the *NISSIN YAKISOBA U.F.O.* series also remained strong partly due to the launch of new products. In bag-type noodles, sales of *CHICKEN RAMEN*, which celebrated the 60th anniversary of its release, increased. In addition, the release of *CHICKEN RAMEN AKUMA NO KIMU-RA*, a product that benefited from a strong TV commercial and its excellent palatability was popular on social media and online news sites, contributed to sales. The *OWAN DE TABERU* series, which was released in September 2017, also performed well and contributed to sales.

In terms of profitability, profits benefited from an increase in sales and the efficient control of expenses, although these were more than offset by an increase in depreciation costs attributable to the operation of a new factory and a surge in raw material and others. As a result, profits declined year on year.

Consequently, Revenue was ¥ 145,489 million (+0.6%) and operating profit was ¥ 21,766 million (-3.6%) in this reportable segment.

2) MYOJO FOODS

Sales of MYOJO FOODS increased year on year due to growth in sales of cup-type noodles.

Sales of bag-type noodles fell slightly below the year-ago level, despite the steady performance of the *MYOJO CHUKAZANMAI* series. Growth in sales of the *MYOJO CHUKAZANMAI* series and the *MYOJO UMADASHIYA* series contributed to sales of cup-type noodles, in addition to solid sales of the *MYOJO IPPEICHAN YOMISE NO YAKISOBA* series, a core cup-type noodles product.

Operating profit increased year on year thanks to the effect of higher sales, despite increasing expenses such as rising raw material and logistics costs.

Consequently, Revenue was ¥ 24,857 million (+7.1%) and operating profit was ¥ 2,120 million (+19.8%) in this reportable segment.

3) Chilled and frozen foods

Looking at chilled foods in the chilled and frozen food segment, although market conditions for chilled noodles were sluggish, sales increased for the *FRY PAN HITOTSUDE* series whose easy preparation boasts a favorable rating and the *NISSIN-NO-FUTOMEN YAKISOBA* series, a core product. The *NISSIN-NO-ICHININMAE* (for one person only) series, which addresses the diversification of eating styles, also contributed. As a result, the company posted a year-on-year increase in both sales and profit.

Meanwhile, frozen food saw steady sales, mainly in consumer products. Sales of Chinese-type noodles without soup such as *REITO NISSIN CHUKA SHIRUNASHI TAN TAN MEN OMORI* increased, and sales of Yakisoba such as *NISSIN CHUKA SHANGHAI YAKISOBA OMORI* also grew. In addition, *NISSIN SPA OH PREMIUM* continued to be strong in pasta products with precooked ingredients. However, profit declined slightly year on year, mainly reflecting an increase in raw material costs and personnel costs.

Consequently, Revenue was ¥ 42,048 million (+2.5%) and operating profit was ¥ 1,676 million (-3.2%) in this reportable segment.

4) The Americas

The Americas are working to strengthen the proposal of value-added products to create new demand and profitability by enhancing price competitiveness, in addition to empowering existing products.

Sales of *NISSIN LAMEN*, a core product in Brazil, continued to remain firm, and sales of *CUP NOODLES* also increased steadily. In the United States, we improved profitability by expanding sales of value-added products and implementing price revisions. As a result, revenue increased year on year.

Profit declined in the Americas segment due to the deteriorated external environment, such as the rising cost of principal raw materials and personnel expenses, and the persistently high cost of logistics.

Consequently, Revenue was ¥ 46,025 million (+0.9%) and operating loss was ¥ 124 million in this reportable segment.

5) China

In China, the instant noodles market has bottomed out in mainland China, and the market for high-end products is expanding. The Group has taken steps to expand its geographical sales areas and strengthen its *CUP NOODLES* brand.

In this environment, sales increased year on year thanks to strong sales of cup-type noodles, mainly in the *CUP NOODLES* brand.

Profit declined year on year due to an increase in depreciation, IPO related personnel costs, and a gain on sales of property in the same period of the previous fiscal year.

Consequently, Revenue was ¥ 30,325 million (+4.2%) and operating profit was ¥ 2,404 million (-12.4%) in this reportable segment.

Revenue in “Other,” which includes business segments not included in reportable segments such as domestic confectionary, beverages, Europe and Asia was ¥ 48,012 million (+3.9%) and operating profit was ¥ 11,079 million (+180.6%).

(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 2019 remain unchanged from the forecasts that were announced on May 10, 2018.

2. Condensed Consolidated Financial Statements and Significant Notes

(1) Condensed Consolidated Statements of Financial Position

(¥ Million)

	Date of transition to IFRS (As of April 1, 2017)	FY 2018 (As of March 31, 2018)	FY 2019 (As of December 31, 2018)
Assets			
Current assets			
Cash and cash equivalents	66,737	49,620	50,493
Trade and other receivables	67,101	72,538	82,272
Inventories	29,023	29,616	32,862
Income taxes receivable	244	1,567	565
Other financial assets	4,455	6,569	11,418
Other current assets	4,006	5,626	8,637
Subtotal	171,569	165,539	186,250
Non-current assets held for sale	—	3,514	—
Total current assets	171,569	169,054	186,250
Non-current assets			
Property, plant and equipment	163,256	188,219	216,744
Goodwill and intangible assets	10,128	8,256	7,594
Investment property	10,940	7,225	7,155
Investments accounted for using the equity method	29,373	43,957	43,560
Other financial assets	92,671	97,998	88,932
Deferred tax assets	10,177	12,050	12,987
Other non-current assets	3,032	1,964	1,903
Total non-current assets	319,580	359,672	378,877
Total assets	491,149	528,726	565,128

(¥ Million)

	Date of transition to IFRS (As of April 1, 2017)	FY 2018 (As of March 31, 2018)	FY 2019 (As of December 31, 2018)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	91,845	101,762	112,445
Borrowings	20,946	6,701	29,991
Provisions	—	1,188	837
Accrued income taxes	6,978	5,214	6,331
Other financial liabilities	456	541	660
Other current liabilities	18,623	19,213	15,344
Subtotal	138,850	134,622	165,610
Liabilities directly related to Non-current assets held for sale	—	143	—
Total current liabilities	138,850	134,766	165,610
Non-current liabilities			
Borrowings	15,611	14,146	15,201
Other financial liabilities	3,307	2,841	4,843
Defined benefit liabilities	5,354	4,138	4,305
Provisions	328	270	282
Deferred tax liabilities	14,229	16,989	14,299
Other non-current liabilities	2,294	2,445	2,573
Total non-current liabilities	41,125	40,831	41,504
Total liabilities	179,976	175,597	207,115
Equity			
Share capital	25,122	25,122	25,122
Capital surplus	49,823	51,218	51,227
Treasury shares	(58,190)	(58,002)	(6,716)
Other components of equity	25,684	31,353	21,454
Retained earnings	257,942	280,083	242,946
Total equity attributable to owners of parent	300,382	329,776	334,033
Non-controlling interests	10,790	23,352	23,979
Total equity	311,173	353,128	358,013
Total liabilities and equity	491,149	528,726	565,128

(2) Condensed Consolidated Statements of Income and Comprehensive Income
(Condensed Consolidated Statements of Income)
(For the nine months ended December 31, 2017 and 2018)

(¥ Million)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Revenue	329,827	336,759
Cost of sales	210,224	218,180
Gross profit	119,602	118,578
Selling, general and administrative expenses	91,057	92,252
Gain on investments accounted for using the equity method	2,627	2,866
Other income	6,605	6,402
Other expenses	1,832	822
Operating profit	35,946	34,772
Finance income	2,290	2,137
Finance costs	371	409
Profit before tax	37,865	36,500
Income tax expense	8,781	10,953
Profit	29,083	25,546
Profit attributable to		
Owners of parent	29,039	24,708
Non-controlling interests	44	837
Profit	29,083	25,546
Earnings per share (Yen)		
Basic earnings per share(Yen)	278.91	237.25
Diluted earnings per share(Yen)	277.55	236.04

(For the three months ended December 31, 2017 and 2018)

(¥ Million)

	Three months ended December 31, 2017	Three months ended December 31, 2018
Revenue	119,225	122,096
Cost of sales	75,030	78,745
Gross profit	44,194	43,351
Selling, general and administrative expenses	31,981	32,024
Gain on investments accounted for using the equity method	841	935
Other income	5,478	346
Other expenses	1,309	374
Operating profit	17,224	12,234
Finance income	1,008	939
Finance costs	136	60
Profit before tax	18,096	13,113
Income tax expense	3,672	3,298
Profit	14,423	9,815
Profit attributable to		
Owners of parent	14,501	9,558
Non-controlling interests	(77)	256
Profit	14,423	9,815
Earnings per share (Yen)		
Basic earnings per share(Yen)	139.25	91.77
Diluted earnings per share(Yen)	138.58	91.30

(Condensed Consolidated Statements of Comprehensive Income)
(For the nine months ended December 31, 2017 and 2018)

(¥ Million)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	29,083	25,546
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in equity instruments measured at fair value through other comprehensive income	9,587	(6,543)
Share of other comprehensive income of entities accounted for using the equity method	141	(34)
Total items that will not be reclassified to profit or loss	9,729	(6,578)
Items that are or may be reclassified to profit or loss		
Net change in debt instruments measured at fair value through other comprehensive income	2	2
Cash flow hedges	2	33
Foreign currency translation differences on foreign operations	1,353	(2,264)
Share of other comprehensive income of entities accounted for using the equity method	139	(1,503)
Total items that are or may be reclassified to profit or loss	1,498	(3,731)
Total other comprehensive income	11,227	(10,310)
Comprehensive income	40,311	15,236
Comprehensive income attributable to		
Owners of parent	40,172	14,551
Non-controlling interests	138	685
Comprehensive income	40,311	15,236

(For the three months ended December 31, 2017 and 2018)

(¥ Million)

	Three months ended December 31, 2017	Three months ended December 31, 2018
Profit	14,423	9,815
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in equity instruments measured at fair value through other comprehensive income	4,193	(9,178)
Share of other comprehensive income of entities accounted for using the equity method	138	56
Total items that will not be reclassified to profit or loss	4,332	(9,121)
Items that are or may be reclassified to profit or loss		
Net change in debt instruments measured at fair value through other comprehensive income	0	2
Cash flow hedges	(1)	(6)
Foreign currency translation differences on foreign operations	(216)	(1,397)
Share of other comprehensive income of entities accounted for using the equity method	458	479
Total items that are or may be reclassified to profit or loss	240	(921)
Total other comprehensive income	4,573	(10,043)
Comprehensive income	18,997	(228)
Comprehensive income attributable to		
Owners of parent	18,984	(140)
Non-controlling interests	12	(88)
Comprehensive income	18,997	(228)

(3) Condensed Consolidated Statements of Changes in Equity

Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

(¥ Million)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Treasury shares	Other components of equity			
				Subscription rights to shares	Foreign currency translation differences on foreign operations	Cash flow hedges	Net change in financial instruments measured at fair value through other comprehensive income
Balance at April 1, 2017	25,122	49,823	(58,190)	1,626	—	(7)	22,531
Profit	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	1,269	2	9,579
Total comprehensive income	—	—	—	—	1,269	2	9,579
Acquisition of treasury shares	—	—	(7)	—	—	—	—
Sales of treasury shares	—	(25)	193	(168)	—	—	—
Cash dividend paid	—	—	—	—	—	—	—
Share-based payments	—	—	—	364	—	—	—
Changes in the ownership interest of a subsidiary without a loss of control	—	1,410	—	—	(560)	—	—
Transfer from retained earnings to capital surplus	—	25	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	—	(1,402)
Other	—	—	—	—	—	—	—
Total transactions with owners of parent	—	1,410	186	195	(560)	—	(1,402)
Balance at December 31, 2017	25,122	51,233	(58,003)	1,822	708	(4)	30,708

Equity attributable to owners of parent						
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total equity
	Share of other comprehensive income of entities accounted for using the equity method	Total				
Balance at April 1, 2017	1,533	25,684	257,942	300,382	10,790	311,173
Profit	—	—	29,039	29,039	44	29,083
Other comprehensive income	280	11,133	—	11,133	94	11,227
Total comprehensive income	280	11,133	29,039	40,172	138	40,311
Acquisition of treasury shares	—	—	—	(7)	—	(7)
Sales of treasury shares	—	(168)	—	0	—	0
Cash dividend paid	—	—	(9,369)	(9,369)	(144)	(9,513)
Share-based payments	—	364	—	364	—	364
Changes in the ownership interest of a subsidiary without a loss of control	—	(560)	—	849	13,504	14,353
Transfer from retained earnings to capital surplus	—	—	(25)	—	—	—
Transfer from other components of equity to retained earnings	—	(1,402)	1,402	—	—	—
Other	—	—	(56)	(56)	(133)	(190)
Total transactions with owners of parent	—	(1,767)	(8,049)	(8,219)	13,226	5,006
Balance at December 31, 2017	1,814	35,050	278,932	332,335	24,155	356,491

Nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)

(¥ Million)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Treasury shares	Other components of equity			
				Subscription rights to shares	Foreign currency translation differences on foreign operations	Cash flow hedges	Net change in financial instruments measured at fair value through other comprehensive income
Balance at April 1, 2018	25,122	51,218	(58,002)	1,819	(2,922)	(41)	30,039
Profit	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	(2,121)	29	(6,526)
Total comprehensive income	—	—	—	—	(2,121)	29	(6,526)
Acquisition of treasury shares	—	—	(6)	—	—	—	—
Sales of treasury shares	—	8	102	(110)	—	—	—
Cancelation of treasury shares	—	—	51,190	—	—	—	—
Cash dividend paid	—	—	—	—	—	—	—
Share-based payments	—	—	—	401	—	—	—
Changes in the ownership interest of a subsidiary without a loss of control	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	—	(25)
Other	—	—	—	—	—	—	—
Total transactions with owners of parent	—	8	51,286	290	—	—	(25)
Balance at December 31, 2018	25,122	51,227	(6,716)	2,110	(5,044)	(12)	23,487

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Share of other comprehensive income of entities accounted for using the equity method	Total	Retained earnings			
		Total				
Balance at April 1, 2018	2,458	31,353	280,083	329,776	23,352	353,128
Profit	—	—	24,708	24,708	837	25,546
Other comprehensive income	(1,538)	(10,157)	—	(10,157)	(152)	(10,310)
Total comprehensive income	(1,538)	(10,157)	24,708	14,551	685	15,236
Acquisition of treasury shares	—	—	—	(6)	—	(6)
Sales of treasury shares	—	(110)	—	0	—	0
Cancellation of treasury shares	—	—	(51,190)	—	—	—
Cash dividend paid	—	—	(10,414)	(10,414)	(626)	(11,040)
Share-based payments	—	401	—	401	—	401
Changes in the ownership interest of a subsidiary without a loss of control	—	—	—	—	531	531
Transfer from other components of equity to retained earnings	(7)	(32)	32	—	—	—
Other	—	—	(274)	(274)	37	(237)
Total transactions with owners of parent	(7)	257	(61,846)	(10,294)	(58)	(10,352)
Balance at December 31, 2018	912	21,454	242,946	334,033	23,979	358,013

(4) Notes to Condensed Consolidated Financial Statements

(Notes on premise of going concern)

No items to report

(Segment Information)

(1) Outline of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and regular evaluation by the Board of Directors is being performed in order to make decisions about resources to be allocated and assess its performance.

The Group employs holding company system of six operating companies in Japan and four overseas business regions as strategy platforms, 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.

(2) Segment profit and performance

The accounting method for the operating segments is the same as that applied in the first quarter and the three months ended June 30, 2018.

Reportable segments profit is on an operating profit basis. Intersegment revenue and transfers are based on market prices.

Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

(¥ Million)

	Reportable segment						Others *1	Total	Reconciliations *2	Consolidated *3
	NISSIN FOOD PRODUCTS	MYOJO FOODS	Chilled and frozen foods	The Americas	China	Subtotal				
Revenue										
Sales to third party	144,688	23,216	41,006	45,610	29,099	283,622	46,205	329,827	—	329,827
Intersegment sales	735	4,229	1,265	3	260	6,494	21,183	27,677	(27,677)	—
Total	145,424	27,446	42,271	45,613	29,360	290,116	67,388	357,504	(27,677)	329,827
Segment profit (Operating profit)	22,571	1,770	1,732	2,328	2,745	31,148	3,947	35,096	849	35,946
Finance income	—	—	—	—	—	—	—	—	—	2,290
Finance costs	—	—	—	—	—	—	—	—	—	371
Profit before tax	—	—	—	—	—	—	—	—	—	37,865
Other items										
Depreciation and amortization	4,513	1,140	595	1,159	1,439	8,847	3,999	12,846	217	13,064
Impairment	—	—	—	—	186	186	—	186	—	186
Gain on investments accounted for using the equity method	—	—	—	—	—	—	2,627	2,627	—	2,627
Capital expenditures	27,867	1,942	1,049	3,552	3,279	37,690	6,996	44,686	—	44,686

(Note)1. “Others” consists of the business segments not included in reportable segments such as domestic confectionery, beverages, Europe and Asia.

2. Operating profit under “Reconciliations” amounted to ¥ 849 million, consisting of minus ¥ 3 million from elimination of intersegment transactions, ¥ 4,352 million from gain on change in equity and minus ¥ 3,499 million from group expenses.
3. Segment profit is adjusted to operating profit of condensed quarterly consolidated statements of income.

Nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)

(¥ Million)

	Reportable segment						Others *1	Total	Reconciliations *2	Consolidated *3
	NISSIN FOOD PRODUCTS	MYOJO FOODS	Chilled and frozen foods	The Americas	China	Subtotal				
Revenue										
Sales to third party	145,489	24,857	42,048	46,025	30,325	288,747	48,012	336,759	—	336,759
Intersegment sales	1,024	5,452	301	11	851	7,640	22,290	29,930	(29,930)	—
Total	146,513	30,309	42,350	46,036	31,176	296,387	70,302	366,690	(29,930)	336,759
Segment profit (loss) (Operating profit(loss))	21,766	2,120	1,676	(124)	2,404	27,843	11,079	38,923	(4,151)	34,772
Finance income	—	—	—	—	—	—	—	—	—	2,137
Finance costs	—	—	—	—	—	—	—	—	—	409
Profit before tax	—	—	—	—	—	—	—	—	—	36,500
Other items										
Depreciation and amortization	5,535	1,182	659	1,305	1,478	10,161	4,175	14,336	169	14,506
Impairment	—	—	—	—	44	44	—	44	—	44
Gain on investments accounted for using the equity method	—	—	—	—	—	—	2,866	2,866	—	2,866
Capital expenditures	32,934	844	1,432	1,992	2,462	39,666	6,384	46,050	—	46,050

(Note) 1. “Others” consists of the business segments not included in reportable segments such as domestic confectionery, beverages, Europe and Asia.

2. Operating profit (loss) under “Reconciliations” amounted to minus ¥ 4,151 million, consisting of minus ¥ 230 million from elimination of intersegment transactions and minus ¥ 3,920 million from group expenses.
3. Segment profit (loss) is adjusted to operating profit of condensed quarterly consolidated statements of income.

Three months ended December 31, 2017 (From October 1, 2017 to December 31, 2017)

(¥ Million)

	Reportable segment						Others *1	Total	Reconciliations *2	Consolidated *3
	NISSIN FOOD PRODUCTS	MYOJO FOODS	Chilled and frozen foods	The Americas	China	Subtotal				
Revenue										
Sales to third party	55,993	8,249	14,075	15,973	9,792	104,085	15,140	119,225	—	119,225
Intersegment sales	310	1,679	556	0	79	2,627	7,115	9,742	(9,742)	—
Total	56,304	9,929	14,632	15,974	9,872	106,712	22,255	128,968	(9,742)	119,225
Segment profit (Operating profit)	10,609	679	589	676	912	13,467	481	13,948	3,275	17,224
Finance income	—	—	—	—	—	—	—	—	—	1,008
Finance costs	—	—	—	—	—	—	—	—	—	136
Profit before tax	—	—	—	—	—	—	—	—	—	18,096
Other items										
Depreciation and amortization	1,638	396	202	404	508	3,151	1,398	4,549	72	4,621
Impairment	—	—	—	—	167	167	—	167	—	167
Gain on investments accounted for using the equity method	—	—	—	—	—	—	841	841	—	841
Capital expenditures	11,658	410	195	1,101	389	13,755	3,247	17,002	—	17,002

(Note)1. “Others” consists of the business segments not included in reportable segments such as domestic confectionery, beverages, Europe and Asia.

2. Operating profit under “Reconciliations” amounted to ¥ 3,275 million, consisting of ¥ 89 million from elimination of intersegment transactions, ¥ 4,352 million from gain on change in equity and minus ¥ 1,166 million from group expenses.
3. Segment profit is adjusted to operating profit of condensed quarterly consolidated statements of income.

Three months ended December 31, 2018 (From October 1, 2018 to December 30, 2018)

(¥ Million)

	Reportable segment						Others *1	Total	Reconciliations *2	Consolidated *3
	NISSIN FOOD PRODUCTS	MYOJO FOODS	Chilled and frozen foods	The Americas	China	Subtotal				
Revenue										
Sales to third party	55,939	8,848	14,376	16,754	9,983	105,903	16,193	122,096	—	122,096
Intersegment sales	383	2,200	113	3	474	3,175	7,517	10,692	(10,692)	—
Total	56,323	11,049	14,490	16,757	10,457	109,078	23,710	132,789	(10,692)	122,096
Segment profit (Operating profit)	9,499	862	515	146	660	11,684	1,937	13,622	(1,388)	12,234
Finance income	—	—	—	—	—	—	—	—	—	939
Finance costs	—	—	—	—	—	—	—	—	—	60
Profit before tax	—	—	—	—	—	—	—	—	—	13,113
Other items										
Depreciation and amortization	2,365	399	230	445	480	3,921	1,424	5,345	56	5,401
Impairment	—	—	—	—	44	44	—	44	—	44
Gain on investments accounted for using the equity method	—	—	—	—	—	—	935	935	—	935
Capital expenditures	5,891	204	345	625	987	8,053	2,505	10,559	—	10,559

(Note) 1. “Others” consists of the business segments not included in reportable segments such as domestic confectionery, beverages, Europe and Asia.

2. Operating profit under “Reconciliations” amounted to minus ¥ 1,388 million, consisting of minus ¥ 81 million from elimination of intersegment transactions and minus ¥ 1,306 million from group expenses.
3. Segment profit is adjusted to operating profit of condensed quarterly consolidated statements of income.

(First-time adoption)

The Group disclosed the condensed quarterly consolidated financial statements under IFRS for the first time from the first quarter of this fiscal year. The latest consolidated financial statements under Japanese GAAP are prepared for the fiscal year ended March 31, 2018, and the transition date is April 1, 2017.

(1) Exemption under IFRS 1

IFRS requires that, in principle, first-time adopters of IFRS (hereinafter “First-time adopter”) retrospectively apply the requirements of IFRS. However, IFRS 1 “First-time adoption of International Financial Reporting Standards” (hereinafter “IFRS 1”) provides exemptions that is forcefully required to apply or can be voluntarily applied to part of the requirements of IFRS. The effect of applying IFRS was adjusted in retained earnings or other component of equity at the transition date. The exemption provisions the Group has applied as at the date of transition from Japanese GAAP to IFRS are as follows:

- Business combinations

First-time adopter is allowed not to apply IFRS 3 “Business Combinations” (hereinafter “IFRS 3”) retrospectively to business combinations that occurred before the transition date. The Group chose the exemption not to retrospectively apply IFRS 3 to business combinations carried out before the transition date. Therefore, goodwill arising in business combinations prior to the transition date is recorded at the carrying amount under Japanese GAAP at the transition date. Furthermore, goodwill has been conducted impairment test at the transition date regardless of whether there was any indication of impairment.

- Deemed cost

IFRS 1 allows first-time adopters to use the fair value of property, plant and equipment, investment property and intangible assets at the transition date as its deemed cost. The Group has used the fair value of certain property, plant and equipment on the transition date as its deemed cost.

- Foreign currency translation differences on foreign operations

IFRS 1 permits that the cumulative balance of all foreign currency translation differences on foreign operations can be deemed as zero at the transition date. The Group has elected to treat all foreign currency translation differences on foreign operations as zero at the transition date.

- Share-based payment transactions

IFRS 1 encourages but not enforces to apply IFRS 2 “Share-based Payment” (hereinafter, “IFRS 2”) to share-based payments granted on or after November 7, 2002 and vested before the transition date. The Group chose not to apply IFRS 2 to share-based payments vested before the transition date.

- Leases

IFRS 1 allows first-time adopter to determine whether contracts contain a lease as of the transition date. The Group has applied the exemption and determined whether contracts contain a lease based on facts and circumstances as of the transition date.

- Designation of financial instruments recognized prior to the transition date

IFRS 1 allows first-time adopter to determine the classification of financial instruments under IFRS 9 “Financial instruments” (hereinafter “IFRS 9”) based on facts and circumstances as of the transition date, rather than facts and circumstances that exist at the time of initial recognition. In addition, IFRS 1 allows to designate equity instruments measured at fair value through other comprehensive income based on facts and circumstances as of the transition date.

The Group has determined the classification of financial instruments under IFRS 9 based on facts and circumstances as of the transition date and designate certain equity instruments measured at fair value through other comprehensive income.

- Application of transition measures of IFRS 15

IFRS 15 “Revenue from Contracts with Customers” permits first-time adopter need not to restate contracts that are completed contracts at the beginning of the first reporting period and those that were modified before the beginning of the period. The Group has applied the practical expedient not to restate contracts completed as on April 1, 2018 which is the beginning of the first reporting period and contracts changed condition before the same date.

There is no material effect due to application of the expedient to consolidated statements of financial position and consolidated income statements.

(2) Mandatory exemption under IFRS 1

IFRS 1 prohibits retrospective application of IFRS with respect to “estimates,” “derecognition of financial assets and financial liabilities,” “hedge accounting,” “non-controlling interest,” “classification and measurement of financial assets” and “impairment of financial assets.” The company applies these exemptions prospectively from transition date.

(3) Reconciliations

The reconciliations required to be disclosed at the first-time adoption of IFRS are as follows.

“Effect of changes in fiscal year” includes the effect of unifying fiscal periods of subsidiaries with that of the Company, “Reclassification” includes items that do not affect retained earnings and comprehensive income and “Differences in recognition and measurement” includes items that affect retained earnings and comprehensive income.

Reconciliation of equity at the date of transition to IFRS (April 1, 2017)

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Effect of changes in fiscal year	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Assets							Assets
Current assets							Current assets
Cash and deposits	70,919	(826)	(3,356)	—	66,737	(1)	Cash and cash equivalents
Notes and accounts receivable-trade							Trade and other receivables
Allowance for doubtful receivables	64,905	(270)	2,697	(229)	67,101	(2)(3)	
Marketable securities	1,155	(64)	3,364	—	4,455	(1)(4)	Other financial assets
Finished goods and merchandise							Inventories
Raw materials and supplies	28,907	(69)	—	185	29,023	(3)(5)	
Others	—	—	244	—	244	(7)	Income taxes receivable
Others	6,849	59	(2,902)	—	4,006	(2)	Other current assets
Total current assets	172,737	(1,170)	46	(44)	171,569		Total current assets
Fixed assets							Non-current assets
Tangible fixed assets							
Building and structures, net							
Machinery, equipment and vehicles, net							
Tools and fixtures, net	188,013	339	(10,940)	(14,156)	163,256	(8)	Property, plant and equipment
Land						(10)	
Leased assets, net							
Construction in progress							
Others, net	—	—	10,940	—	10,940	(8)	Investment property
Intangible fixed assets							
Goodwill	44,070	(0)	(941)	(33,001)	10,128	(11)	Goodwill and intangible assets
Others							
Investments and other assets							
Investments in securities	121,837	1	(28,364)	(802)	92,671	(4)	Other financial assets
Investments in capital							
Long-term loans	—	—	29,373	—	29,373	(12)	Investments accounted for using the equity method
Deferred tax assets	7,270	(9)	—	2,915	10,177	(6)	Deferred tax assets
Net defined benefit asset	335	—	(335)	—	—	(13)	Other non-current assets
Others	3,046	(11)	145	(148)	3,032	(19)	
Allowance for doubtful receivables	(132)	—	132	—	—		
Total fixed assets	364,442	320	9	(45,192)	319,580		Total non-current assets
Total assets	537,180	(850)	56	(45,236)	491,149		Total assets

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Effect of changes in fiscal year	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Liabilities							Liabilities and equity
Current liabilities							Liabilities
Notes and accounts payable-trade	90,919	(364)	180	1,109	91,845	(14)	Current liabilities
Short-term borrowings	18,450	(48)	2,544	—	20,946	(15)	Trade and other payables
Lease liabilities within one year	449	(3)	—	10	456	(16)	Borrowings
Accrued income taxes	7,926	(94)	(853)	—	6,978	(17)	Other financial liabilities
Others	18,101	(22)	(1,815)	2,359	18,623	(18)	Accrued income taxes
Total current liabilities	135,847	(533)	56	3,480	138,850		Other current liabilities
Long-term liabilities							Non-current liabilities
Long-term borrowings	15,867	(256)	—	—	15,611		Borrowings
Lease liabilities beyond one year	2,863	(6)	451	—	3,307	(16)	Other financial liabilities
Asset retirement obligations	55	—	272	—	328		Provisions
Deferred tax liabilities	18,631	—	—	(4,402)	14,229	(6)	Deferred tax liabilities
Liability for retirement benefits	7,346	4	—	(1,996)	5,354	(19)	Defined benefit liabilities
Others	3,051	(32)	(724)	—	2,294		Other non-current liabilities
Total long-term liabilities	47,815	(290)	—	(6,398)	41,125		Total non-current liabilities
Total liabilities	183,662	(824)	56	(2,918)	179,976		Total liabilities
Equity							Equity
Common stock	25,122	—	—	—	25,122		Share capital
Capital surplus	49,823	—	—	—	49,823		Capital surplus
Retained earnings	308,074	110	—	(50,242)	257,942	(21)	Retained earnings
Treasury stock, at cost	(58,190)	—	—	—	(58,190)		Treasury shares
Accumulated other comprehensive income	17,853	(182)	—	8,012	25,684	(20)	Other components of equity
Stock acquisition rights							
	342,684	(72)	—	(42,229)	300,382		Total equity attributable to owners of parent
Non-controlling interests	10,833	46	—	(89)	10,790		Non-controlling interests
Total equity	353,517	(26)	—	(42,318)	311,173		Total equity
Total liabilities and equity	537,180	(850)	56	(45,236)	491,149		Total liabilities and equity

Reconciliation of equity at the date of December 31, 2017

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	60,729	(7,845)	—	52,884	(1)	Cash and cash equivalents
Notes and accounts receivable-trade	77,213	4,942	(52)	82,102	(2)(3)	Trade and other receivables
Allowance for doubtful receivables						
Marketable securities	652	7,855	—	8,508	(1)(4)	Other financial assets
Finished goods and merchandise	30,739	—	45	30,785	(3)(5)	Inventories
Raw materials and supplies	—	832	—	832	(7)	Income taxes receivable
Others	10,782	(5,701)	(215)	4,866	(2)	Other current assets
Total current assets	180,118	83	(222)	179,978		Total current assets
Fixed assets						Non-current assets
Tangible fixed assets						
Building and structures, net						
Machinery, equipment and vehicles, net	217,463	(11,090)	(14,159)	192,213	(8)(10)	Property, plant and equipment
Tools and fixtures, net						
Land						
Leased assets, net						
Construction in progress						
Others	—	11,090	—	11,090	(8)	Investment property
Intangible assets						
Goodwill	40,302	(941)	(30,476)	8,884	(11)	Goodwill and intangible assets
Others						
Investments and other assets						
Investments in securities	134,985	(35,260)	(808)	98,915	(4)	Other financial assets
Investments in capital						
Long-term loans	—	36,396	5,022	41,419	(12)	Investments accounted for using the equity method
Deferred tax assets	7,456	—	2,657	10,114	(6)	Deferred tax assets
Net defined benefit asset	362	(362)	—	—	(13)	
Others	2,389	(92)	(142)	2,153	(19)	Other non-current assets
Allowance for doubtful receivables	(177)	177	—	—		
Total fixed assets	402,781	(83)	(37,907)	364,791		Total non-current assets
Total assets	582,899	—	(38,129)	544,770		Total assets

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Liabilities						Liabilities and equity
Current liabilities						Liabilities
Notes and accounts payable-trade	103,554	2,183	(88)	105,649	(14)	Current liabilities
Short-term borrowings	13,041	3,674	—	16,715	(15)	Trade and other payables
Lease liabilities within one year	449	—	9	458	(16)	Borrowings
Accrued income taxes	5,242	(750)	—	4,492	(17)	Other financial liabilities
Others	18,420	(5,107)	2,333	15,646	(18)	Accrued income taxes
						Other current liabilities
Total current liabilities	140,707	—	2,254	142,962		Total other current liabilities
Long-term liabilities						Non-current liabilities
Long-term borrowings	15,666	—	—	15,666		Borrowings
Lease liabilities beyond one year	2,618	464	—	3,083	(16)	Other financial liabilities
Asset retirement obligations	78	205	—	283		Provisions
Deferred tax liabilities	22,891	—	(4,338)	18,552	(6)	Deferred tax liabilities
Liability for retirement benefits	7,192	—	(1,651)	5,541	(19)	Defined benefit liabilities
Others	2,859	(669)	—	2,189		Other non-current liabilities
Total long-term liabilities	51,307	—	(5,990)	45,316		Total non-current liabilities
Total liabilities	192,015	—	(3,736)	188,279		Total liabilities
Equity						Equity
Common stock	25,122	—	—	25,122		Share capital
Capital surplus	51,233	—	—	51,233		Capital surplus
Retained earnings	322,627	—	(43,695)	278,932	(21)	Retained earnings
Treasury stock	(58,003)	—	—	(58,003)		Treasury shares
Accumulated other comprehensive income	25,681	—	9,368	35,050	(20)	Other components of equity
Stock acquisition rights						
	366,662	—	(34,326)	332,335		Total equity attributable to owners of parent
Non-controlling interests	24,221	—	(66)	24,155		Non-controlling interests
Total equity	390,883	—	(34,392)	356,491		Total equity
Total liabilities and equity	582,899	—	(38,129)	544,770		Total liabilities and equity

Reconciliation of equity at the date of March 31,2018

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	56,131	(6,510)	—	49,620	(1)	Cash and cash equivalents
Notes and accounts receivable-trade	68,734	4,035	(231)	72,538	(2)(3)	Trade and other receivables
Allowance for doubtful receivables						
Marketable securities	51	6,518	—	6,569	(1)(4)	Other financial assets
Finished goods and merchandise	29,432	—	184	29,616	(3)(5)	Inventories
Raw materials and supplies						
Others	11,113	(5,491)	4	5,626	(2)	Income taxes receivable
	165,464	118	(42)	165,539		Other current assets
		3,514	—	3,514	(9)	Subtotal
						Non-current assets held for sale
Total current assets	165,464	3,633	(42)	169,054		Total current assets
Fixed assets						Non-current assets
Tangible fixed assets						
Building and structures, net						
Machinery, equipment and vehicles, net	214,071	(10,739)	(15,111)	188,219	(8)(9)	Property, plant and equipment
Tools and fixtures, net					(10)	
Land						
Leased assets, net						
Construction in progress						
Others	—	7,225	—	7,225	(8)	Investment property
Intangible assets						
Goodwill	37,264	(909)	(28,099)	8,256	(11)	Goodwill and intangible assets
Others						
Investments and other assets						
Investments in securities	139,362	(41,904)	540	97,998	(4)	Other financial assets
Investments in capital						
Long-term loans	—	43,047	910	43,957	(12)	Investments accounted for using the equity method
Deferred tax assets	9,351	—	2,698	12,050	(6)	Deferred tax assets
Net defined benefit asset	405	(405)	—	—	(13)	Other non-current assets
Others	3,199	(953)	(280)	1,964	(19)	
Allowance for doubtful receivables	(1,006)	1,006	—	—		
Total fixed assets	402,647	(3,633)	(39,342)	359,672		Total non-current assets
Total assets	568,111	—	(39,385)	528,726		Total assets

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Liabilities						Liabilities and equity
Current liabilities						Liabilities
Notes and accounts payable-trade	98,844	1,787	1,130	101,762	(14)	Current liabilities
Short-term borrowings	3,235	3,465	—	6,701	(15)	Trade and other receivables
Lease liabilities within one year	481	51	8	541	(16)	Borrowings
Accrued income taxes	5,886	(671)	—	5,214	(17)	Other financial liabilities
Others	22,267	(5,822)	2,768	19,213	(18)	Accrued income taxes
	—	1,188	—	1,188		Other current liabilities
	130,715	—	3,907	134,622		Provisions
	—	143	—	143		Subtotal
						Liabilities directly related to Non-current assets held for sale
Total current liabilities	130,715	143	3,907	134,766		Total current liabilities
Long-term liabilities						Non-current liabilities
Long-term borrowings	14,146	—	—	14,146		Borrowings
Lease liabilities beyond one year	2,523	318	—	2,841	(16)	Other financial liabilities
Asset retirement obligations	78	192	—	270		Provisions
Deferred tax liabilities	20,311	—	(3,321)	16,989	(6)	Deferred tax liabilities
Liability for retirement benefits	5,461	—	(1,323)	4,138	(19)	Defined benefit liabilities
Others	3,099	(654)	—	2,455		Other non-current liabilities
Total long-term liabilities	45,620	(143)	(4,645)	40,831		Total non-current liabilities
Total liabilities	176,335	—	(737)	175,597		Total liabilities
Equity						Equity
Common stock	25,122	—	—	25,122		Share capital
Capital surplus	51,218	—	—	51,218		Capital surplus
Retained earnings	327,996	—	(47,912)	280,083	(21)	Retained earnings
Treasury stock	(58,002)	—	—	(58,002)		Treasury shares
Accumulated other comprehensive income	21,971	—	9,382	31,353	(20)	Other components of equity
Stock acquisition rights						
	368,306	—	(38,530)	329,776		Total equity attributable to owners of parent
Non-controlling interests	23,470	—	(117)	23,352		Non-controlling interests
Total equity	391,776	—	(38,647)	353,128		Total equity
Total liabilities and equity	568,111	—	(39,385)	528,726		Total liabilities and equity

Notes on reconciliations of equity

(1) Cash and cash equivalents

(Reclassifications)

Under Japanese GAAP, the Group included short-term deposits with deposit terms exceeding three months in cash and deposits, but under IFRS, they are reclassified to other financial assets (Current).

Under Japanese GAAP, the Group included short-term investments with maturities of less than three months from the date of acquisition in marketable securities, but under IFRS, they are reclassified to cash and cash equivalents.

(2) Trade and other receivables

(Reclassifications)

Under Japanese GAAP, the Group included notes and accounts receivable – trade, allowance for doubtful receivables and other receivables in others (Current assets), but under IFRS, they are reclassified to trade and other receivables.

(3) Adjustments to trade receivables and inventories due to change in revenue recognition

(Recognition and measurement difference)

Under Japanese GAAP, revenue from certain sales of goods transactions was recognized on a shipping basis. Under IFRS, revenue is recognized at the time upon delivery, which results in an adjustment to trade and other receivables as well as inventories.

(4) Other financial assets

(Reclassifications)

Under Japanese GAAP, the Group included derivative assets in others (Current assets), but under IFRS, they are reclassified to other financial assets (Current).

Under Japanese GAAP, the Group separately presented investments in securities, investments in capital, long-term loans, allowance for doubtful receivables and others. Within this context, derivative assets were included in others (Non-current assets), but under IFRS, they are reclassified to other financial assets (Non-current).

(Recognition and measurement difference)

Under Japanese GAAP, interest-rate swaps that meet specific requirements were treated with the “exceptional method.” Under IFRS, it has been treated with principle hedge accounting and measured at fair value.

Under Japanese GAAP, non-marketable equity instruments were carried at the acquisition cost, and impairment loss was recognized as required depending on the financial condition of the issuing company. Under IFRS, these equity instruments are designated as financial assets measured at fair value through other comprehensive income, and are measured at fair value with the change recognized as other comprehensive income and reclassified to retained earnings in case of derecognition or significant decrease in fair value.

(5) Inventories

(Reclassifications)

Under Japanese GAAP, the Group presented inventories in the separate accounts of finished goods and merchandise and raw materials and supplies, but under IFRS, all the inventory accounts are presented aggregately in inventories.

(6) Deferred tax assets and deferred tax liabilities

(Recognition and measurement difference)

Amounts of deferred tax assets and deferred tax liabilities have been adjusted for reasons such as temporary differences arising from transition to IFRS from Japanese GAAP.

(7) Income taxes receivable

(Reclassifications)

Under Japanese GAAP, the Group included income taxes receivables in others (Current assets), but under IFRS, they are reclassified to income taxes receivable.

(8) Investment property

(Reclassifications)

In accordance with IFRS, investment property is reclassified from property, plant and equipment to be separately presented.

(9) Non-current assets held for sale

(Reclassifications)

In accordance with IFRS, Non-current assets held for sale is reclassified from property, plant and equipment to be separately presented.

(10) Property, plant and equipment

(Recognition and measurement difference)

Under Japanese GAAP, property taxes were recorded as an expense, but under IFRS, it is included in the acquisition cost, and increases the property, plant and equipment.

The fair values of certain items of property, plant and equipment as of the date of transition to IFRS were used as their deemed cost. The fair value of the items was 19,555 million yen and the carrying amount under Japanese GAAP was 39,744 million yen.

(11) Goodwill

(Recognition and measurement difference)

The Group conducted impairment testing on cash generating units including goodwill at the date of transition to IFRS. According to the testing, the Group identified that the Brazil business is not likely to generate future cash flows as originally expected, the Group has recognized impairment loss of 33,001 million yen which is deducted from retained earnings. The recoverable amount of 18,426 million yen is measured as its value in use. The amount of value in use reflects the Group's historical experience and other external evidences, and is determined based on cash flow projections on the most recent financial budgets approved by management, using a discount rate of 14.3%.

(12) Investments accounted for using the equity method

(Reclassifications)

Under Japanese GAAP, the Group included investments accounted for using the equity method in investments in securities, but under IFRS they are separately disclosed as investments accounted for using the equity method.

(13) Other non-current assets

(Reclassifications)

Under Japanese GAAP, the Group separately presented net defined benefit assets, but under IFRS, they are presented in other non-current assets.

(14) Trade and other payables

(Reclassifications)

Under Japanese GAAP, the Group separately presented notes and accounts payable-trade, accrued payables and accrued expenses in others (Current liabilities), but under IFRS, they are presented in trade and other payables.

(Recognition and measurement difference)

Under Japanese GAAP, tax levies such as property tax, etc. are recorded based on tax notification imposed by the government. Under IFRS, they are recognizing the estimated liabilities related to the payment of levies when the timing of payment obligation occurs in our company, and increase the trade and other payables.

(15) Borrowings

(Reclassifications)

Under Japanese GAAP, the Group included current portion of long-term borrowings in others (Current liabilities), but under IFRS, they are separately presented as borrowings (Current).

(16) Other financial liabilities

(Reclassifications)

Under Japanese GAAP, the Group independently presented lease liabilities within / beyond one year in current liabilities and long-term liabilities and financial liabilities in others, but under IFRS, they are separately reclassified to current and non-current other financial liabilities.

(17) Accrued income taxes

(Reclassifications)

Under Japanese GAAP, the Group included enterprise taxes of pro forma standards taxation in accrued income taxes, but under IFRS, they are reclassified to other non-current liabilities.

(18) Other current liabilities

(Reclassifications)

Under Japanese GAAP, the Group included accrued rebates in accrued payables, but under IFRS, they are reclassified to other current liabilities.

(Recognition and measurement difference)

Under Japanese GAAP, unused paid absences are not required to be recognized as liabilities. However, under IFRS, such obligations shall be recognized as liabilities. As a result, other current liabilities increase accordingly.

(19) Defined benefit assets and liabilities

(Recognition and measurement difference)

Under Japanese GAAP, actuarial gains and losses arising from defined benefit plans are recognized in other comprehensive income when incurred, and charged to income in the following year. Under IFRS, actuarial gains and losses are recognized in other comprehensive income and to be reclassified to retained earnings immediately.

As for the Company and consolidated subsidiaries which have defined benefit plans, there exist differences on the actuarial assumptions, between Japanese GAAP and IFRS. As a result, defined benefit assets and liabilities are adjusted due to the remeasurement of defined benefit plans.

(20) Other components of equity

(Recognition and measurement difference)

- 1) The Group uses the exemption provided by IFRS 1, deems the cumulative translation differences of foreign operations as zero and reclassifies all to retained earnings at the date of transition to IFRS.
- 2) Under Japanese GAAP, non-marketable equity instruments were carried at the acquisition cost, with any impairment loss was recognized as required depending on the financial condition of the issuing company. Under IFRS, these equity instruments are designated as equity instruments measured at fair value through other comprehensive income, and increase the other components of equity 270 million yen at the date of transition to IFRS.
- 3) Under Japanese GAAP, certain land is subject to the law concerning land revaluation, the difference between the Revaluation and the book value of the land are included in Land revaluation reserve as a part of the net assets. Under IFRS, it reverses the valuation differences, and increases the other components of equity 6,382 million yen at the date of transition to IFRS.
- 4) Under Japanese GAAP, interest-rate swaps that meet specific requirements were treated with the “exceptional method.” Under IFRS, it is treated with principle hedge accounting and measures them as fair value, and decreases the other components of equity 7 million yen at the date of transition to IFRS.

(21) Reconciliation of retained earnings

(¥ Million)

	Date of transition to IFRS (As of April 1, 2017)	As of December 31, 2017	As of March 31, 2018
Adjustments of trade receivables and inventories	(39)	(9)	(47)
Adjustments of goodwill and intangible assets	(32,081)	(30,069)	(29,413)
Adjustments of property, plant and equipment	(16,474)	(16,504)	(15,994)
Adjustments of unused paid absences	(1,619)	(1,600)	(1,908)
Adjustments of defined benefit assets and liabilities	1,483	1,059	1,962
Adjustments of recoverability of deferred tax assets	399	399	—
Adjustments of accumulated foreign currency translation differences on foreign operations	(1,403)	(1,403)	(1,403)
Adjustments of levies	(756)	(87)	(770)
Adjustment of gain on change in equity	—	4,352	—
Others	249	168	(337)
Total	(50,242)	(43,695)	(47,912)

Reconciliation of profit (loss) and comprehensive income for the period from April 1, 2017 to December 31, 2017

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Net sales	386,743	(57,093)	177	329,827	(1)	Revenue
Cost of sales	210,599	—	(374)	210,224	(6)	Cost of sales
Gross profit	176,144	(57,093)	551	119,602		Gross profit
Selling, general and administrative expenses	—	2,253	4,352	6,605	(5)	Other income
	149,247	(56,970)	(1,218)	91,057	(1)(2)(6)	Selling, general and administrative expenses
	—	1,832	—	1,832	(5)	Other expenses
	—	1,963	663	2,627	(3)(5)	Gain on investments accounted for using the equity method
Operating income	26,897	2,262	6,786	35,946		Operating profit
Non-operating income	6,170	(5,281)	(888)	—	(8)	
Non-operating expenses	1,029	(1,029)	—	—	(8)	
Extraordinary gains	2,319	(1,225)	(1,093)	—	(8)	
Extraordinary losses	1,477	(1,174)	(302)	—	(8)	
	—	2,290	—	2,290	(5)	Finance income
	—	371	—	371	(5)	Finance costs
Income before income taxes	32,880	(122)	5,107	37,865		Profit before tax
Total income taxes	9,012	(122)	(108)	8,781	(7)	Income tax expenses
Net income	23,867	—	5,215	29,083		Profit
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Unrealized gain(loss) on available-for-sale securities	8,189	—	1,398	9,587	(8)	Net change in equity instruments measured at fair value through other comprehensive income
Remeasurements of defined benefit plans	(212)	—	212	—	(4)	Remeasurements of defined benefit plans
	—	—	141	141		Share of other comprehensive income of entities accounted for using the equity method
	7,977	—	1,752	9,729		Total items that will not be reclassified to profit or loss
						Items that are or may be reclassified to profit or loss
	—	—	2	2		Net change in debt instruments measured at fair value through other comprehensive income
Deferred gain(loss) on hedges	1	—	1	2		Cash flow hedges
Foreign currency translation adjustments	(461)	—	1,815	1,353		Foreign currency translation differences on foreign operations
Share of other comprehensive income (loss) of entities accounted for by the equity method	300	—	(161)	139		Share of other comprehensive income of entities accounted for using the equity method
	(159)	—	1,658	1,498		Total items that are or may be reclassified to profit or loss
Total other comprehensive income	7,817	—	3,410	11,227		Total other comprehensive income
Comprehensive income	31,685	—	8,626	40,311		Comprehensive income

Reconciliation of profit (loss) and comprehensive income for the period from October 1, 2017 to December 31, 2017

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Net sales	139,426	(20,413)	213	119,225	(1)	Revenue
Cost of sales	75,028	—	2	75,030	(6)	Cost of sales
Gross profit	64,397	(20,413)	211	44,194		Gross profit
Selling, general and administrative expenses	—	1,125	4,352	5,478	(5)	Other income
	52,840	(20,373)	(486)	31,981	(1)(2)(6)	Selling, general and administrative expenses
	—	1,309	—	1,309	(5)	Other expenses
	—	623	217	841	(3)(5)	Gain on investments accounted for using the equity method
Operating income	11,556	399	5,267	17,224		Operating profit
Non-operating income	2,021	(2,021)	—	—	(8)	
Non-operating expenses	544	(544)	—	—	(8)	
Extraordinary gains	1,278	(736)	(541)	—	(8)	
Extraordinary losses	958	(900)	(57)	—	(8)	
	—	1,008	—	1,008	(5)	Finance income
	—	136	—	136	(5)	Finance costs
Income before income taxes	13,353	(40)	4,783	18,096		Profit before tax
Total income taxes	3,710	(40)	2	3,672	(7)	Income tax expenses
Net income	9,642	—	4,781	14,423		Profit
Other comprehensive income						Other comprehensive income
Unrealized gain(loss) on available-for-sale securities	3,795	—	398	4,193	(8)	Items that will not be reclassified to profit or loss Net change in equity instruments measured at fair value through other comprehensive income
Remeasurements of defined benefit plans	(74)	—	74	—	(4)	Remeasurements of defined benefit plans
		—	138	138		Share of other comprehensive income of entities accounted for using the equity method
	3,721	—	611	4,332		Total items that will not be reclassified to profit or loss
	—	—	0	0		Items that are or may be reclassified to profit or loss Net change in debt instruments measured at fair value through other comprehensive income
Deferred gain(loss) on hedges	(2)	—	0	(1)		Cash flow hedges
Foreign currency translation adjustments	(2,064)	—	1,848	(216)		Foreign currency translation differences on foreign operations
Share of other comprehensive income (loss) of entities accounted for by the equity method	584	—	(126)	458		Share of other comprehensive income of entities accounted for using the equity method
	(1,482)	—	1,723	240		Total items that are or may be reclassified to profit or loss
Total other comprehensive income	2,238	—	2,334	4,573		Total other comprehensive income
Comprehensive income	11,881	—	7,115	18,997		Comprehensive income

Reconciliation of profit (loss) and comprehensive income for the fiscal year 2018

(From April 1, 2017 to March 31, 2018)

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Net sales	516,400	(75,489)	(1)	440,909	(1)	Revenue
Cost of sales	282,271	—	565	282,837	(6)	Cost of sales
Gross profit	234,128	(75,489)	(566)	158,072		Gross profit
Selling, general and administrative expenses	—	7,448	146	7,594	(5)	Other income
	200,016	(75,338)	(955)	123,722	(1)(2)(6)	Selling, general and administrative expenses
	—	9,241	1,096	10,338	(5)	Other expenses
	—	2,680	889	3,569	(3)(5)	Gain on investments accounted for using the equity method
Operating income	34,112	735	327	35,175		Operating profit
Non-operating income	7,855	(6,984)	(870)	—	(8)	
Non-operating expenses	1,378	(1,378)	—	—	(8)	
Extraordinary gains	6,808	(5,715)	(1,093)	—	(8)	
Extraordinary losses	9,872	(8,454)	(1,418)	—	(8)	
	—	2,568	—	2,568	(5)	Finance income
	—	590	—	590	(5)	Finance costs
Income before income taxes	37,525	(154)	(217)	37,153		Profit before tax
Total income taxes	8,406	(154)	(217)	8,035	(7)	Income tax expenses
Net income	29,118	—	(0)	29,117		Profit
Other comprehensive income						Other comprehensive income
Unrealized gain(loss) on available-for-sale securities	7,405	—	1,500	8,905	(8)	Items that will not be reclassified to profit or loss Net change in equity instruments measured at fair value through other comprehensive income
Remeasurements of defined benefit plans	881	—	179	1,060	(4)	Remeasurements of defined benefit plans
	—	—	220	220		Share of other comprehensive income of entities accounted for using the equity method
Land revaluation reserve	998	—	(998)	—		
	9,285	—	901	10,186		Total items that will not be reclassified to profit or loss
	—	—	6	6		Items that are or may be reclassified to profit or loss Net change in debt instruments measured at fair value through other comprehensive income
Deferred gain(loss) on hedges	(35)	—	1	(34)		Cash flow hedges
Foreign currency translation adjustments	(6,061)	—	3,259	(2,802)		Foreign currency translation differences on foreign operations
Share of other comprehensive income(loss) of entities accounted for by the equity method	931	—	(226)	704		Share of other comprehensive income of entities accounted for using the equity method
	(5,166)	—	3,040	(2,126)		Total items that are or may be reclassified to profit or loss
Total other comprehensive income	4,118	—	3,941	8,060		Total other comprehensive income
Comprehensive income	33,236	—	3,941	37,178		Comprehensive income

Notes on reconciliations of profit (loss) and comprehensive income

(1) Revenue

Under Japanese GAAP, the Group recognized revenue for sale of goods at the time of shipping. However, under IFRS, revenue has been recognized at the time of the delivery of goods.

In addition, under Japanese GAAP, certain rebates were presented as selling, general and administrative expenses. However, under IFRS, such rebates have been deducted from revenue.

(2) Goodwill

Under Japanese GAAP, goodwill was amortized over the reasonably estimated period. However, under IFRS, amortization of goodwill on and after the transition date was discontinued, and impairment test is performed in each period.

(3) Investments accounted for using the equity method

Under Japanese GAAP, goodwill for affiliates was amortized over a reasonably estimated period in which the benefits of the investment were expected to be realized and recognized as gain on investments accounted for using the equity method. However, under IFRS, goodwill has not been amortized on and after the transition date.

(4) Actuarial gains and losses

Under Japanese GAAP, the Group has recognized actuarial gains or losses at the time of occurrence in other comprehensive income and recognized as expenses at once in the following fiscal year. However, under IFRS, these are immediately transferred to retained earnings through other comprehensive income.

(5) Reclassification

For items presented as non-operating income, non-operating expenses, extraordinary income and extraordinary losses under Japanese GAAP, finance-related items are presented as finance income and finance costs, and the other items are presented as other income, other expenses and gain on investments accounted for using the equity method under IFRS.

(6) Unused paid absences

The Group recognized unused paid absences, not recognized under Japanese GAAP, as personnel expenses under IFRS.

(7) Income tax expenses

Under Japanese GAAP, the Group disclosed income taxes and income taxes adjustment separately. However, under IFRS, the amounts are shown in one line as income tax expenses. In connection with the adoption of IFRS, the recoverability of the entire deferred tax assets was reassessed. Furthermore, under Japanese GAAP, tax effects on the elimination of unrealized gains were calculated based on the effective tax rates of selling entities. Under IFRS, these are calculated based on effective tax rates of acquiring entities.

(8) Equity instruments

Under Japanese GAAP, gain or loss on sales of equity instruments and impairment of such instruments were recorded as profit or loss. However, under IFRS, for equity instruments designated as financial assets measured at fair value through other comprehensive income, changes in a fair value have been recognized as other comprehensive income and transferred to retained earnings when it has been derecognized.