

Summary of Consolidated Financial Statements for the Three Months Ended June 30, 2020

[Prepared under IFRS, UNAUDITED]

NISSIN FOODS HOLDINGS CO., LTD.

Stock code: 2897

Stock exchange listing: Tokyo

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Scheduled date of filing of Quarterly Securities Report: August 5, 2020 (in Japanese)

Scheduled date of dividend payment: –

Preparation of supplementary documents: Yes

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

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

1. Consolidated Financial Results for the Three Months of the FY 3/2021 (April 1, 2020–June 30, 2020)

(1) Consolidated Operating Results

(% figures represent year-on-year changes)

Three Months of	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY 3/2021	120,561	+13.9	17,452	+102.3	17,979	+93.5	12,095	+108.5
FY 3/2020	105,894	+2.4	8,627	(32.8)	9,292	(31.0)	5,800	(29.9)

Three Months of	Basic earnings per share	Diluted earnings per share
	(¥)	(¥)
FY 3/2021	116.11	115.47
FY 3/2020	55.69	55.39

(2) Consolidated Financial Position

As of	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent to total assets
	(¥ million)	(¥ million)	(¥ million)	(%)
June 30, 2020	586,069	369,980	343,879	58.7
March 31, 2020	576,621	354,063	327,994	56.9

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 3/2020	–	55.00	–	55.00	110.00
FY 3/2021	–				
FY 3/2021 (Forecast)		55.00	–	55.00	110.00

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

3. Forecasts of Consolidated Financial Results for the FY 3/2021 (April 1, 2020–March 31, 2021)

(% figures represent changes from the previous year)

	Revenue		Operating profit		Profit attributable to owners of the parent		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
FY 3/2021	486,000	+3.7	43,500	+5.4	30,500	+4.0	292.79

Note: Modifications to the forecast published most recently: None

Notes:

- (1) Changes in principal subsidiaries during the three months of FY 3/2021 (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:

Three months of FY 3/2021	105,700,000 shares
FY 3/2020	105,700,000 shares

- 2) Number of treasury shares as of the end of:

Three months of FY 3/2021	1,529,118 shares
FY 3/2020	1,529,320 shares

- 3) Average number of shares during the period:

Three months of FY 3/2021	104,170,747 shares
Three months of FY 3/2020	104,156,611 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

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 Three Months Results

(1) Qualitative Information Concerning Consolidated Business Results

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)

	Three months of FY 3/2020	Three months of FY 3/2021	Year on year	
			Amount	%
Revenue	105,894	120,561	14,666	13.9
Operating profit	8,627	17,452	8,825	102.3
Profit before tax	9,292	17,979	8,687	93.5
Profit attributable to owners of the parent	5,800	12,095	6,294	108.5

The following is an overview of performance by reportable segment:

1) NISSIN FOOD PRODUCTS

NISSIN FOOD PRODUCTS achieved year-on-year growth in sales with a rise in sales of cup-type noodles and bag-type noodles. Sales increased in cup-type noodles, where the CUP NOODLE MISO, featuring rich miso soup, were strong, and the ASSARI OISHII CUP NOODLE series and the NISSIN NO ASSARI ODASHIGAOISHII DONBEI series contributed to sales. In bag-type noodles, the sales of the CHICKEN RAMEN, DEMAEICCHO, OWAN DE TABERU series and NISSIN RAOH series increased. In addition to normal demand for cup-type noodles and bag-type noodles, increased demand for products due to the self-restraint caused by the expansion of coronavirus disease 2019 (COVID-19) contributed to sales. Meanwhile, profits increased year on year, due to increase in profit in nature of increase in sales, although reflecting higher depreciation expenses associated with the launch of the Kansai Plant as well as an increase in distribution costs.

Consequently, revenue was ¥ 48,063 million (+10.7%) and operating profit was ¥ 8,730 million (+87.0%) in this reportable segment.

2) MYOJO FOODS

MYOJO FOODS achieved year-on-year growth in sales of bag-type noodles, reflecting strong sales of the MYOJO CHARUMERA series and the MYOJO HYOUBANYA which has the characteristic of low salt. In cup-type noodles, sales achieved year-on-year growth, reflecting stable sales of the MYOJO IPPEICHAN YOMISE NO YAKISOBA, a mainstay product, and strong sales of the open-price products such as MYOJO UMADASHIYA series. Meanwhile, profits increased year on year, reflecting an increase in sales volume and the review of the timing when expenses of advertisement, promotion, etc. are used due to COVID-19.

Consequently, revenue was ¥ 9,659 million (+15.1%) and operating profit was ¥ 1,610 million (+162.7%) in this reportable segment.

3) Chilled and frozen foods

At NISSIN CHILLED FOODS, overall sales and operating profits increased year on year since sales of its main brand GYORETSU NO DEKIRU MISE NO RAMEN series, TSUKEMEN NO TATSUJIN series, NISSIN NO RAMENYASAN series and FUTOMEN YAKISOBA series were strong due to the demand expansion for products caused by stay-at-home demand resulting from COVID-19 measures.

NISSIN FROZEN FOODS achieved sales growth, helped by mainstay products, the REITO NISSIN MOCHITTO NAMA PASTA series, the REITO NISSIN SPA OH PREMIUM series, the REITO NISSIN CHUKA series and the REITO NISSIN GOOTA series, all of which grew stably in terms of sales and the demand expansion for products caused by stay-at-home request to combat COVID-19. Meanwhile, profits increased year on year, reflecting an increase of sales.

Consequently, revenue was ¥ 15,704 million (+15.7%) and operating profit was ¥ 1,566 million (+116.6%) in this reportable segment.

4) The Americas

The Americas are working to enhance the proposal of premium products aimed at creating new demand, enhancing the profitability of existing products. Sales of NISSIN LAMEN, a mainstay product in Brazil, contributed to remain firm, and sales of the CUP NOODLES increased strongly. In addition, the increased demand for products due to the expansion of COVID-19 also contributed to sales. Strong sales of base products and successful sales promotions for premium products in the United States also contributed to the overall sales growth in the segment. The increased demand for products due to the expansion of COVID-19 contributed to sales as well. Profits increased due to factors such as the effect of sales increase of premium products.

Consequently, revenue was ¥ 17,743 million (+17.3%) and operating profit was ¥ 1,910 million (+36.8%) in this reportable segment.

5) China

In China, the market for high value-added products is expanding in mainland China. The Group has taken steps to expand its geographical sales areas and strengthen its CUP NOODLES brand. In addition, in the wake of COVID-19, the stay-at-home economy has increased higher demand for premium instant noodles. In this environment, sales increased year on year in mainland China and Hong Kong thanks to strong volume in the CUP NOODLES brand and DEMAÉ ICCHO brand. Profit increased year on year due to the increase in sales volume in mainland China and Hong Kong, and cost reductions associated with increase in volume.

Consequently, revenue was ¥ 11,512 million (+19.5%) and operating profit was ¥ 1,607 million (+91.6%) in this reportable segment.

Revenue in “Others,” which includes business segments not included in reportable segments such as domestic confectionary, beverages, Europe and Asia was ¥ 17,878 million (+13.5%) and operating profit was ¥ 3,526 million (+90.8%).

(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 2021 remain unchanged from the forecasts that were announced on May 11, 2020.

2. Condensed Consolidated Financial Statements and Significant Notes

(1) Condensed Consolidated Statements of Financial Position

(¥ Million)

	FY 3/2020 (As of March 31, 2020)	FY 3/2021 (As of June 30, 2020)
Assets		
Current assets		
Cash and cash equivalents	60,163	60,588
Trade and other receivables	77,932	66,874
Inventories	32,454	37,967
Income taxes receivable	2,701	2,905
Other financial assets	10,273	10,251
Other current assets	4,258	5,538
Total current assets	187,784	184,126
Non-current assets		
Property, plant and equipment	240,063	240,611
Goodwill and intangible assets	3,806	4,444
Investment property	7,108	7,096
Investments accounted for using the equity method	47,436	43,478
Other financial assets	77,209	93,347
Deferred tax assets	12,844	12,563
Other non-current assets	368	401
Total non-current assets	388,837	401,943
Total assets	576,621	586,069

(¥ Million)

	FY 3/2020 (As of March 31, 2020)	FY 3/2021 (As of June 30, 2020)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	104,815	102,292
Borrowings	6,631	6,666
Provisions	337	196
Accrued income taxes	6,294	5,312
Other financial liabilities	3,418	3,582
Other current liabilities	20,183	16,049
Total current liabilities	141,681	134,100
Non-current liabilities		
Borrowings	41,630	41,157
Other financial liabilities	18,350	18,146
Defined benefit liabilities	5,828	5,940
Provisions	207	226
Deferred tax liabilities	12,393	14,093
Other non-current liabilities	2,467	2,423
Total non-current liabilities	80,877	81,988
Total liabilities	222,558	216,089
Equity		
Share capital	25,122	25,122
Capital surplus	50,639	50,640
Treasury shares	(6,660)	(6,659)
Other components of equity	12,275	21,820
Retained earnings	246,616	252,955
Total equity attributable to owners of the parent	327,994	343,879
Non-controlling interests	26,068	26,100
Total equity	354,063	369,980
Total liabilities and equity	576,621	586,069

(2) Condensed Consolidated Statements of Income and Comprehensive Income
(Condensed Consolidated Statements of Income)
(For the three months ended June 30, 2019 and 2020)

(¥ Million)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Revenue	105,894	120,561
Cost of sales	68,715	75,318
Gross profit	37,178	45,242
Selling, general and administrative expenses	30,142	29,620
Gain on investments accounted for using the equity method	1,003	1,449
Other income	688	568
Other expenses	102	188
Operating profit	8,627	17,452
Finance income	1,007	799
Finance costs	342	271
Profit before tax	9,292	17,979
Income tax expense	3,132	5,161
Profit	6,159	12,818
Profit attributable to		
Owners of the parent	5,800	12,095
Non-controlling interests	359	723
Profit	6,159	12,818
Earnings per share (Yen)		
Basic earnings per share (Yen)	55.69	116.11
Diluted earnings per share (Yen)	55.39	115.47

(Condensed Consolidated Statements of Comprehensive Income)

(For the three months ended June 30, 2019 and 2020)

(¥ Million)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	6,159	12,818
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	(7,084)	14,349
Share of other comprehensive income of entities accounted for using the equity method	35	(12)
Total items that will not be reclassified to profit or loss	(7,048)	14,337
Items that may be reclassified to profit or loss		
Net change in debt instruments measured at fair value through other comprehensive income	2	(19)
Cash flow hedges	(43)	10
Foreign currency translation differences on foreign operations	(2,573)	(855)
Share of other comprehensive income of investments accounted for using the equity method	724	(4,325)
Total items that may be reclassified to profit or loss	(1,889)	(5,189)
Total other comprehensive income	(8,938)	9,148
Comprehensive income	(2,778)	21,966
Comprehensive income attributable to		
Owners of the parent	(2,490)	21,269
Non-controlling interests	(287)	697
Comprehensive income	(2,778)	21,966

(3) Condensed Consolidated Statements of Changes in Equity

Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)

(¥ Million)

	Equity attributable to owners of the parent						
	Share capital	Capital surplus	Treasury shares	Subscription rights to shares	Other components of equity		
					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, 2019	25,122	50,614	(6,718)	2,110	(4,656)	3	31,749
Profit	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	(1,940)	(30)	(7,079)
Total comprehensive income	-	-	-	-	(1,940)	(30)	(7,079)
Acquisition of treasury shares	-	-	(1)	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-
Share-based payment transactions	-	-	-	270	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total transactions with owners of the parent	-	-	(1)	270	-	-	-
Balance at June 30, 2019	25,122	50,614	(6,719)	2,380	(6,596)	(27)	24,669

Equity attributable to owners of the parent						
	Other components of equity					
	Share of other comprehensive income of entities accounted for using the equity method	Total	Retained earnings	Total	Non-controlling interests	Total equity
Balance at April 1, 2019	28	29,235	228,526	326,781	25,764	352,545
Profit	-	-	5,800	5,800	359	6,159
Other comprehensive income	760	(8,290)	-	(8,290)	(647)	(8,938)
Total comprehensive income	760	(8,290)	5,800	(2,490)	(287)	(2,778)
Acquisition of treasury shares	-	-	-	(1)	-	(1)
Cash dividend paid	-	-	(5,728)	(5,728)	(613)	(6,342)
Share-based payment transactions	-	270	-	270	-	270
Transfer from other components of equity to retained earnings	9	9	(9)	-	-	-
Other	-	-	(10)	(10)	(46)	(56)
Total transactions with owners of the parent	9	279	(5,748)	(5,470)	(660)	(6,130)
Balance at June 30, 2019	798	21,224	228,578	318,820	24,816	343,637

Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)

(¥ Million)

	Equity attributable to owners of the parent						
	Share capital	Capital surplus	Treasury shares	Subscription rights to shares	Other components of equity		
					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, 2020	25,122	50,639	(6,660)	2,292	(12,057)	17	19,879
Profit	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	(816)	9	14,318
Total comprehensive income	-	-	-	-	(816)	9	14,318
Acquisition of treasury shares	-	-	(0)	-	-	-	-
Disposal of treasury shares	-	0	1	(1)	-	-	-
Cash dividend paid	-	-	-	-	-	-	-
Share-based payment transactions	-	-	-	362	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	8
Other	-	-	-	-	-	-	-
Total transactions with owners of the parent	-	0	0	360	-	-	8
Balance at June 30, 2020	25,122	50,640	(6,659)	2,653	(12,873)	27	34,206

Equity attributable to owners of the parent						
Other components of equity						
	Share of other comprehensive income of entities accounted for using the equity method	Total	Retained earnings	Total	Non-controlling interests	Total equity
Balance at April 1, 2020	2,143	12,275	246,616	327,994	26,068	354,063
Profit	-	-	12,095	12,095	723	12,818
Other comprehensive income	(4,337)	9,174	-	9,174	(25)	9,148
Total comprehensive income	(4,337)	9,174	12,095	21,269	697	21,966
Acquisition of treasury shares	-	-	-	(0)	-	(0)
Disposal of treasury shares	-	(1)	-	-	-	-
Cash dividend paid	-	-	(5,729)	(5,729)	(649)	(6,378)
Share-based payment transactions	-	362	-	362	-	362
Transfer from other components of equity to retained earnings	1	10	(10)	-	-	-
Other	-	-	(16)	(16)	(16)	(32)
Total transactions with owners of the parent	1	371	(5,756)	(5,384)	(665)	(6,049)
Balance at June 30, 2020	(2,192)	21,820	252,955	343,879	26,100	369,980

(4) Notes to Condensed Consolidated Financial Statements

(Notes on premise of going concern)

No items to report

(Reporting entity)

NISSIN FOODS HOLDINGS CO., LTD. (hereinafter the “Company”) is established as a stock company domiciled in Japan. The addresses of its registered head office and main offices are disclosed on the Company’s website (https://www.nissin.com/en_jp/). The Company’s condensed quarterly consolidated financial statements comprise the Company and its subsidiaries (hereinafter “the Group”) and interests in the Company’s associates.

Details of each business and principle activity of the Group are described in Note “Segment information”.

(Basis of preparation)

1) Compliance with IFRS

The condensed quarterly consolidated financial statements of the Group have been prepared in accordance with IAS 34. Since the requirements for “Specified Company of Designated International Accounting Standards” set forth in Article 1-2 of the “Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” are satisfied, the Group adopts the provisions of Article 93 of the same Ordinance.

The Group’s condensed quarterly consolidated financial statements were approved by the Board of Directors on August 5, 2020.

2) Basis of measurement

The Group’s consolidated financial statements have been prepared on an acquisition cost basis, except for specific financial instruments measured at fair value.

3) Functional currency and presentation currency

The Group’s consolidated financial statements are presented in Japanese yen, which is also the Company’s functional currency, and amounts of less than one million yen are rounded off to the nearest million yen.

(Significant accounting policies)

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 seven operating companies in Japan and four overseas business regions as strategy platforms, and 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) Segmentation of revenues and performances

The accounting methods of reportable business segments are generally the same as the Group's accounting policies described in "Significant accounting policies". Figures reported as segment profit are based on the operating profit reported in the condensed quarterly consolidated statements of income. Revenue from intersegment transactions and transfers are based on the current market prices.

Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)

(¥ 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 external customers	43,414	8,391	13,568	15,128	9,635	90,139	15,754	105,894	–	105,894
Intersegment sales	266	1,591	100	2	211	2,171	7,530	9,702	(9,702)	–
Total	43,681	9,983	13,668	15,130	9,846	92,311	23,285	115,596	(9,702)	105,894
Segment profit (Operating profit)	4,668	612	723	1,396	839	8,239	1,848	10,087	(1,460)	8,627
Finance income	–	–	–	–	–	–	–	–	–	1,007
Finance costs	–	–	–	–	–	–	–	–	–	342
Profit before tax	–	–	–	–	–	–	–	–	–	9,292
Other items										
Depreciation and amortization	2,721	463	322	247	478	4,232	1,752	5,985	12	5,998
Gain on investments accounted for using the equity method	–	–	–	–	–	–	1,003	1,003	–	1,003
Capital expenditures	6,155	371	456	406	879	8,269	1,760	10,029	–	10,029

(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 ¥ 1,460 million, consisting of minus ¥ 113 million from elimination of intersegment transactions and minus ¥ 1,347 million from group expenses.

3. Segment profit is adjusted to operating profit of condensed quarterly consolidated statements of income.

Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)

(¥ 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 external customers	48,063	9,659	15,704	17,743	11,512	102,682	17,878	120,561	–	120,561
Intersegment sales	372	1,088	113	2	305	1,881	7,548	9,429	(9,429)	–
Total	48,435	10,747	15,817	17,745	11,818	104,564	25,426	129,990	(9,429)	120,561
Segment profit (Operating profit)	8,730	1,610	1,566	1,910	1,607	15,425	3,526	18,951	(1,499)	17,452
Finance income	–	–	–	–	–	–	–	–	–	799
Finance costs	–	–	–	–	–	–	–	–	–	271
Profit before tax	–	–	–	–	–	–	–	–	–	17,979
Other items										
Depreciation and amortization	3,106	459	333	246	497	4,644	1,490	6,134	9	6,144
Gain on investments accounted for using the equity method	–	–	–	–	–	–	1,449	1,449	–	1,449
Capital expenditures	3,280	1,099	199	1,143	618	6,341	1,442	7,784	–	7,784

(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 ¥ 1,499 million, consisting of minus ¥ 37 million from elimination of intersegment transactions and minus ¥ 1,461 million from group expenses.

3. Segment profit is adjusted to operating profit of condensed quarterly consolidated statements of income.