

Consolidated Financial Results
for the Six Months Ended September 30, 2020
<under J-GAAP>

Company name: **Toyo Suisan Kaisha, Ltd.**
Listing: First Section of the Tokyo Stock Exchange
Securities code: 2875
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Scheduled date of filing of quarterly securities report: November 13, 2020
Scheduled date of start of dividend payment: December 7, 2020
Preparation of quarterly results presentation materials: Yes
Holding of quarterly results briefing meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen have been omitted.)

1. Consolidated Operating Results for the First Six Months of FY2021
(from April 1, 2020 to September 30, 2020)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 30, 2020	203,594	2.6	18,134	55.5	19,266	45.6	14,704	53.6
Sep. 30, 2019	198,345	1.0	11,664	0.8	13,229	4.5	9,571	12.2

Note: Comprehensive income Six months ended September 30, 2020: 13,065 million yen [129.7%]
Six months ended September 30, 2019: 5,688 million yen [(64.8)%]

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Six months ended Sep. 30, 2020	143.98	—	—	—
Sep. 30, 2019	93.72	—	—	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2020	407,294	326,897	77.4
As of Mar. 31, 2020	402,608	317,994	76.2

Reference: Equity
As of September 30, 2020: 315,252 million yen
As of March 31, 2020: 306,648 million yen

2. Dividends

	Full Year Dividends				
	1 st quarter-end	2 nd quarter-end	3 rd quarter-end	Year-end	For the year
	Yen	Yen	Yen	Yen	Yen
FY2020	—	40.00	—	40.00	80.00
FY2021	—	40.00	—	—	—
FY2021 (Forecast)	—	—	—	40.00	80.00

Note: Revisions to the dividends forecasts most recently announced: None

3. Consolidated Results Forecasts for FY2021 (from April 1, 2020 to March 31, 2021)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	426,000	2.4	34,500	21.7	37,000	18.0	28,500	21.9	279.06

Note: Revisions to the results forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting procedures for preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - a. Changes in accounting policies due to amendments to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None

- (4) Number of shares issued (common stock)

- a. Number of shares issued at end of period (including treasury shares)

As of September 30, 2020	110,881,044 shares
As of March 31, 2020	110,881,044 shares

- b. Number of treasury shares at end of period

As of September 30, 2020	8,753,003 shares
As of March 31, 2020	8,752,690 shares

- c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	102,128,191 shares
Six months ended September 30, 2019	102,128,622 shares

* Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.

* Explanation related to the appropriate use of the results forecasts and other items warranting special mention

(Caution regarding forward-looking statements)

Forward-looking statements in this document, including the results forecasts, etc., are based on the information available as of the date of the release of this document and the preconditions that the Company deemed to be reasonable; they are not meant to be a commitment by the Company, and a variety of factors in the future may cause actual results to differ materially from these forecasts. Please refer to Section: “(3) Explanation of forward-looking information, including consolidated results forecasts” of “1. Qualitative Information on Quarterly Consolidated Financial Results for the Six Months Ended September 30, 2020” on page 3 of the attachments for the preconditions for the results forecasts and items to exercise caution in the use of these results forecasts.

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1. Qualitative Information on Quarterly Consolidated Financial Results for the Six Months Ended September 30, 2020

(1) Explanation of the consolidated operating results

During the six months ended September 30, 2020, the conditions in the Japanese economy remained challenging due to the impact of the novel coronavirus disease (COVID-19). Looking ahead, although a recovery is expected to continue, on the back of results from various economic measures and the improvement of overseas economies amid a pickup in the level of socioeconomic activities as measures to prevent the spread of infections are implemented, it is necessary to closely monitor infection trends in Japan and other countries and the impact of fluctuations in financial and capital markets, etc.

Under these circumstances, the Toyo Suisan Group (hereafter, the “Group”) has remained committed to its mission “to contribute to society through foods” and “to provide safe and secure foods and services to customers” under the corporate slogan of “Smiles for All.” The Group continued to implement further cost reductions and promoted aggressive sales activities in its efforts to face an increasingly competitive sales environment.

As a result, net sales were ¥203,594 million (up 2.6% year on year), operating profit was ¥18,134 million (up 55.5% year on year), ordinary profit was ¥19,266 million (up 45.6% year on year), and profit attributable to owners of parent was ¥14,704 million (up 53.6% year on year) for the period under review.

The foreign exchange rate for the period was ¥105.78 to the U.S. dollar (¥107.93 to the U.S. dollar for the corresponding period of the previous fiscal year).

The operating results by segment are as follows.

In the Seafood Segment, due to the impact of requests for the public to stay at home and other measures to prevent the spread of COVID-19, although the sales for some supermarkets and food delivery businesses increased due to their increasing demand, there was a drop off in demand for convenience stores, restaurants and hotels, and sales volumes decreased overall. Sales also decreased due to a decline in market prices for the core products of salmon and trout. As a result, segment sales were ¥12,891 million (down 13.6% year on year) and segment profit was ¥217 million (compared with a segment loss of ¥31 million in the corresponding period of the previous fiscal year) owing to the effect of inventory valuation review conducted in the previous fiscal year, the selling products at reasonable prices, and the reduction of storage costs achieved through shrinking inventory levels, despite increases in personnel expenses and depreciation due to investments in processing facilities at consolidated subsidiaries.

In the Overseas Instant Noodles Segment, sales increased in the U.S. because of strong growth in sales volumes for our signature products, the bag-type noodle product *Ramen* series and the cup-type noodle product *Instant Lunch* series, owing to higher demand for instant noodles due to the impact of the spread of COVID-19. In Mexico, sales increased because of favorable sales of bag-type noodles and the effect of a price revision implemented in January 2020, despite lower sales volumes of the signature product of cup-type noodles year on year due to the impact of a weak peso and other factors. As a result, segment sales were ¥44,546 million (up 6.4% year on year) and segment profit was ¥7,846 million (up 49.8% year on year) mainly due to the curbing of sales promotion costs and decreases in advertising expenses and raw material costs, despite increases in distribution costs and personnel expenses.

In the Domestic Instant Noodles Segment, due to the impact of requests for the public to stay at home and other measures to prevent the spread of COVID-19, the opportunities for dining at home increased, leading to higher demand. Cup-type noodles saw decreased sales overall despite favorable sales of the Japanese-style series including *Akai Kitsune Udon* and *Midori no Tanuki Ten Soba* in addition to the *Gotsu Mori* series and the *MARUCHAN QTTA* series, for which we actively introduced new products. Sales in bag-type noodles increased thanks to favorable sales mainly of the *Maruchan Seimen* series. As a result, segment sales were ¥60,017 million (up 4.3% year on year) and segment profit was ¥6,038 million (up 93.2% year on year) due to decreases mainly in raw material costs, sales promotion costs, and advertising expenses, despite factors such as an increase in personnel expenses.

In the Frozen and Refrigerated Foods Segment, due to the impact of requests for the public to stay at home and other measures to prevent the spread of COVID-19, the opportunities for dining at home increased, leading to higher demand for household products despite a decrease in sales of products for restaurants, etc. For fresh noodles, sales were favorable mainly for the *Maruchan Yakisoba (Three-Meal Package)* series as well as for the signature products of *udon* noodles, ramen noodles, etc. In addition, sales were steady for the *Pari-Pari Mugen* series whose sales had increased significantly in the previous fiscal year. Although sales of chilled foods were favorable mainly for household products, sales of frozen foods fell year on year due to a decrease in the demand

for products for restaurant business. As a result, segment sales were ¥40,706 million (up 9.2% year on year) and segment profit was ¥3,763 million (up 30.8% year on year) mainly due to an increase in sales and a decrease in raw material costs.

In the Processed Foods Segment, due to the impact of requests for the public to stay at home and other measures to prevent the spread of COVID-19, the opportunities for dining at home and the needs for emergency foods increased, leading to higher demand. Sales were favorable for packaged cooked rice, mainly for the cooked white rice series including *Attaka Gohan*, the flavored cooked rice series including *Fukkura Osekihan* and the healthy series including *Genmai Gohan*, and for freeze-dried products including the *Sozai no Chikara* series, a freeze-dried soup product with five packs in one bag. As a result, segment sales were ¥12,276 million (up 12.0% year on year), and the segment reported a segment loss of ¥490 million (compared with a segment loss of ¥766 million in the corresponding period of the previous fiscal year), an improvement of ¥276 million, mainly due to an increase in sales and a decrease in raw material costs.

In the Cold-Storage Segment, sales from trade such as customs clearance and transportation were robust as a result of the beneficial effect of the start of operations at the Ishikari New Port Distribution Center, which was completed in May 2020, despite weakness in cargo movement of products in storage due to the impact of the spread of COVID-19 and unseasonable weather. As a result, segment sales were ¥10,865 million (up 5.2% year on year) while segment profit was ¥640 million (down 3.7% year on year) due to increases in depreciation and personnel expenses associated with the operation of new cold storage facilities, etc.

The Other Business Segment consists of mainly the packed lunch/deli food business. Segment sales were ¥22,290 million (down 12.4% year on year) while segment profit was ¥532 million (down 36.6% year on year).

(2) Explanation of the consolidated financial position

At the end of the second quarter of the fiscal year ending March 31, 2021, total assets increased by ¥4,685 million from the previous fiscal year-end to ¥407,294 million, and net assets increased by ¥8,902 million to ¥326,897 million. The main factors contributing to these results are as follows:

The main contributing factor for assets was an increase in securities, despite decreases in cash and deposits and notes and accounts receivable - trade. The main contributing factors for liabilities were decreases in notes and accounts payable - trade and accrued expenses. The main contributing factor for net assets was an increase in retained earnings, despite a decrease in foreign currency translation adjustment.

As a result of these factors, the equity ratio was 77.4%.

(Cash flows)

Cash and cash equivalents (hereafter, referred to as “cash”) as of the end of the second quarter of the fiscal year ending March 31, 2021 decreased by ¥13,937 million (32.1%) from the end of the previous fiscal year to ¥29,459 million.

The respective cash flow positions during the six months ended September 30, 2020 are as follows.

Net cash provided by operating activities increased by ¥2,544 million (11.9%) compared with the corresponding period of the previous fiscal year to ¥23,908 million. The main contributing factor was an increase in profit before income taxes.

Net cash used in investing activities increased by ¥19,500 million (144.9%) compared with the corresponding period of the previous fiscal year to ¥32,957 million. The main contributing factor was a decrease in proceeds from redemption of securities.

Net cash used in financing activities decreased by ¥315 million (6.8%) compared with the corresponding period of the previous fiscal year to ¥4,302 million. The main contributing factor was a decrease in repayments of short-term borrowings.

(3) Explanation of forward-looking information, including consolidated results forecasts

The Company has not changed its consolidated results forecasts for the full year of the fiscal year ending March 31, 2021, included in the “Notice Concerning Revisions to Consolidated Results Forecasts for the Fiscal Year Ending March 31, 2021,” released on October 28, 2020. Should any changes occur in the future, the relevant information will be duly disclosed.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of end FY2020 (March 31, 2020)	As of end 2Q FY2021 (September 30, 2020)
Assets		
Current assets		
Cash and deposits	112,754	106,641
Notes and accounts receivable - trade	57,106	50,421
Securities	23,000	38,000
Merchandise and finished goods	13,598	14,884
Work in process	347	355
Raw materials and supplies	6,062	6,739
Other	3,412	3,194
Allowance for doubtful accounts	(649)	(634)
Total current assets	215,632	219,602
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	72,706	76,067
Machinery, equipment and vehicles, net	37,521	37,559
Land	34,976	34,907
Leased assets, net	2,538	2,359
Construction in progress	7,233	4,242
Other, net	1,204	1,396
Total property, plant and equipment	156,181	156,533
Intangible assets		
Other	1,443	1,316
Total intangible assets	1,443	1,316
Investments and other assets		
Investment securities	27,018	27,230
Deferred tax assets	1,377	1,701
Retirement benefit asset	63	56
Other	891	854
Total investments and other assets	29,351	29,842
Total non-current assets	186,976	187,692
Total assets	402,608	407,294

(Millions of yen)

	As of end FY2020 (March 31, 2020)	As of end 2Q FY2021 (September 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,531	24,313
Short-term borrowings	324	331
Lease obligations	310	313
Accrued expenses	23,246	21,474
Income taxes payable	4,555	3,894
Provision for bonuses for directors (and other officers)	143	112
Other	2,544	1,609
Total current liabilities	56,656	52,048
Non-current liabilities		
Lease obligations	3,734	3,624
Deferred tax liabilities	2,185	2,600
Provision for retirement benefits for directors (and other officers)	326	307
Retirement benefit liability	20,303	20,433
Asset retirement obligations	212	213
Other	1,196	1,169
Total non-current liabilities	27,958	28,349
Total liabilities	84,614	80,397
Net assets		
Shareholders' equity		
Share capital	18,969	18,969
Capital surplus	22,942	22,942
Retained earnings	268,100	278,720
Treasury shares	(8,230)	(8,232)
Total shareholders' equity	301,781	312,399
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,372	8,079
Deferred gains or losses on hedges	11	1
Foreign currency translation adjustment	37	(2,881)
Remeasurements of defined benefit plans	(2,555)	(2,346)
Total accumulated other comprehensive income	4,866	2,852
Non-controlling interests	11,345	11,644
Total net assets	317,994	326,897
Total liabilities and net assets	402,608	407,294

(2) Quarterly consolidated statements of income and comprehensive income
 Quarterly consolidated statements of income (Cumulative)

(Millions of yen)

	2Q FY2020 (from April 1, 2019 to September 30, 2019)	2Q FY2021 (from April 1, 2020 to September 30, 2020)
Net sales	198,345	203,594
Cost of sales	127,532	124,288
Gross profit	70,812	79,306
Selling, general and administrative expenses	59,148	61,171
Operating profit	11,664	18,134
Non-operating income		
Interest income	1,023	614
Dividend income	283	291
Share of profit of entities accounted for using equity method	61	–
Miscellaneous income	478	507
Total non-operating income	1,847	1,413
Non-operating expenses		
Interest expenses	123	121
Share of loss of entities accounted for using equity method	–	68
Miscellaneous loss	158	92
Total non-operating expenses	282	281
Ordinary profit	13,229	19,266
Extraordinary income		
Gain on sales of non-current assets	2	1
Subsidy income	93	1,837
Other	19	16
Total extraordinary income	115	1,854
Extraordinary losses		
Loss on sales and retirement of non-current assets	168	92
Impairment loss	10	14
Loss on valuation of shares of subsidiaries and associates	–	884
Other	16	3
Total extraordinary losses	195	993
Profit before income taxes	13,149	20,127
Income taxes - current	3,528	5,492
Income taxes - deferred	(109)	(315)
Total income taxes	3,418	5,177
Profit	9,731	14,950
Profit attributable to non-controlling interests	159	245
Profit attributable to owners of parent	9,571	14,704

Quarterly consolidated statements of comprehensive income (Cumulative)

(Millions of yen)

	2Q FY2020 (from April 1, 2019 to September 30, 2019)	2Q FY2021 (from April 1, 2020 to September 30, 2020)
Profit	9,731	14,950
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,381)	794
Deferred gains or losses on hedges	2	(10)
Foreign currency translation adjustment	(2,764)	(2,918)
Remeasurements of defined benefit plans, net of tax	96	220
Share of other comprehensive income of entities accounted for using equity method	4	29
Total other comprehensive income	(4,042)	(1,884)
Comprehensive income	5,688	13,065
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,555	12,690
Comprehensive income attributable to non-controlling interests	133	374

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	2Q FY2020 (from April 1, 2019 to September 30, 2019)	2Q FY2021 (from April 1, 2020 to September 30, 2020)
Cash flows from operating activities		
Profit before income taxes	13,149	20,127
Depreciation	7,143	7,338
Impairment loss	10	14
Loss on valuation of shares of subsidiaries and associates	–	884
Increase (decrease) in provision for retirement benefits for directors (and other officers)	6	(18)
Increase (decrease) in provision for bonuses for directors (and other officers)	(35)	(31)
Increase (decrease) in allowance for doubtful accounts	27	(15)
Increase (decrease) in retirement benefit liability	196	443
Interest and dividend income	(1,307)	(906)
Interest expenses	123	121
Share of loss (profit) of entities accounted for using equity method	(61)	68
Loss (gain) on sales and retirement of property, plant and equipment	165	90
Decrease (increase) in trade receivables	3,494	6,577
Decrease (increase) in inventories	814	(2,079)
Increase (decrease) in trade payables	(1,467)	(1,150)
Increase (decrease) in accrued expenses	(713)	(1,700)
Other, net	1,722	(510)
Subtotal	23,270	29,256
Interest and dividends received	1,166	1,068
Interest paid	(123)	(121)
Income taxes paid	(2,949)	(6,294)
Net cash provided by (used in) operating activities	21,364	23,908
Cash flows from investing activities		
Payments into time deposits	(27,522)	(46,018)
Proceeds from withdrawal of time deposits	26,598	40,688
Purchase of securities	(45,000)	(41,000)
Proceeds from redemption of securities	44,000	22,000
Purchase of property, plant and equipment	(11,167)	(8,442)
Proceeds from sales of property, plant and equipment	3	7
Purchase of intangible assets	(198)	(230)
Purchase of investment securities	(15)	(15)
Proceeds from sales of investment securities	–	30
Loan advances	(843)	(802)
Collection of loans receivable	794	809
Other, net	(106)	15
Net cash provided by (used in) investing activities	(13,457)	(32,957)

(Millions of yen)

	2Q FY2020 (from April 1, 2019 to September 30, 2019)	2Q FY2021 (from April 1, 2020 to September 30, 2020)
Cash flows from financing activities		
Proceeds from short-term borrowings	373	476
Repayments of short-term borrowings	(700)	(469)
Dividends paid	(4,079)	(4,079)
Dividends paid to non-controlling interests	(71)	(72)
Other, net	(140)	(157)
Net cash provided by (used in) financing activities	(4,618)	(4,302)
Effect of exchange rate change on cash and cash equivalents	(237)	(585)
Net increase (decrease) in cash and cash equivalents	3,051	(13,937)
Cash and cash equivalents at beginning of period	23,286	43,396
Cash and cash equivalents at end of period	26,337	29,459

(4) Notes to quarterly consolidated financial statements

(Notes on going concern assumptions)

Not applicable

(Notes in the event of substantial changes in shareholders' equity)

Not applicable

(Segment information)

I. Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

1. Information relating to net sales, profit and loss by each reportable segment

(Millions of yen)

	Reportable segment							Other (Note 1)	Total	Adjust- ments (Note 2)	Amount reported on quarterly consoli- dated financial statements (Note 3)
	Seafood Segment	Overseas Instant Noodles Segment	Domestic Instant Noodles Segment	Frozen and Refrigerated Foods Segment	Processed Foods Segment	Cold- Storage Segment	Total				
Net sales											
Net sales to outside customers	14,927	41,860	57,540	37,286	10,960	10,331	172,906	25,439	198,345	–	198,345
Intersegment sales or transfers	476	–	–	–	–	589	1,065	43	1,108	(1,108)	–
Total	15,403	41,860	57,540	37,286	10,960	10,920	173,971	25,483	199,454	(1,108)	198,345
Segment profit (loss)	(31)	5,237	3,125	2,877	(766)	665	11,107	840	11,948	(283)	11,664

Notes: 1. The Other Business Segment is one which is not among the reportable segments and refers to a business which is mainly involved in the packed lunch/deli food business.

2. The negative ¥283 million in segment profit or loss adjustments includes companywide expenses of negative ¥564 million which have not been allocated to each reportable segment, a ¥23 million adjustment to inventories, and other adjustments of ¥257 million. Companywide expenses refer mainly to general and administrative expenses which do not belong to any reportable segment. Other adjustments are mainly for the offset elimination of knowhow fees from overseas subsidiaries.

3. Segment profit or loss is adjusted at the operating profit level on the quarterly consolidated financial statements.

2. Information relating to impairment loss on non-current assets or goodwill for each reportable segment Statement is omitted due to the immateriality of the amount.

II. Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

1. Information relating to net sales, profit and loss by each reportable segment

(Millions of yen)

	Reportable segment							Other (Note 1)	Total	Adjust- ments (Note 2)	Amount reported on quarterly consoli- dated financial statements (Note 3)
	Seafood Segment	Overseas Instant Noodles Segment	Domestic Instant Noodles Segment	Frozen and Refrigerated Foods Segment	Processed Foods Segment	Cold- Storage Segment	Total				
Net sales											
Net sales to outside customers	12,891	44,546	60,017	40,706	12,276	10,865	181,304	22,290	203,594	–	203,594
Intersegment sales or transfers	478	–	24	4	–	533	1,041	11	1,052	(1,052)	–
Total	13,370	44,546	60,041	40,711	12,276	11,399	182,345	22,302	204,647	(1,052)	203,594
Segment profit (loss)	217	7,846	6,038	3,763	(490)	640	18,016	532	18,548	(413)	18,134

Notes: 1. The Other Business Segment is one which is not among the reportable segments and refers to a business which is mainly involved in the packed lunch/deli food business.

2. The negative ¥413 million in segment profit or loss adjustments includes companywide expenses of negative ¥644 million which have not been allocated to each reportable segment, a negative ¥25 million adjustment to inventories, and other adjustments of ¥256 million. Companywide expenses refer mainly to general and administrative expenses which do not belong to any reportable segment. Other adjustments are mainly for the offset elimination of knowhow fees from overseas subsidiaries.

3. Segment profit or loss is adjusted at the operating profit level on the quarterly consolidated financial statements.

2. Information relating to impairment loss on non-current assets or goodwill for each reportable segment Statement is omitted due to the immateriality of the amount.