

Consolidated Financial Results
for the Three Months Ended June 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: August 13, 2020
 Scheduled date of start of dividend payment: –
 Preparation of quarterly results presentation materials: Yes
 Holding of quarterly results briefing meeting: None

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

1. Consolidated Operating Results for the First Three Months of FY2021
(from April 1, 2020 to June 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	%
Three months ended Jun. 30, 2020	104,304	6.7	10,379	78.2	11,060	64.4	8,400	76.4
Jun. 30, 2019	97,758	1.0	5,824	(10.2)	6,727	(6.6)	4,761	(6.8)

Note: Comprehensive income Three months ended June 30, 2020: 7,954 million yen [906.8%]
 Three months ended June 30, 2019: 790 million yen [(92.0)%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended Jun. 30, 2020	82.26		–	
Jun. 30, 2019	46.63		–	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2020	403,301	321,787	76.9
As of Mar. 31, 2020	402,608	317,994	76.2

Reference: Equity
 As of June 30, 2020: 310,265 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				
FY2020	–	40.00	–	40.00	80.00
FY2021	–	–	–	–	–
FY2021 (Forecast)	–	40.00	–	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
Half year	207,000	4.4	14,000	20.0	15,000	13.4	12,000	25.4	117.50
Full year	426,000	2.4	30,500	7.6	33,000	5.3	26,000	11.2	254.58

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 June 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 June 30, 2020	8,752,784 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)

Three months ended June 30, 2020	102,128,323 shares
Three months ended June 30, 2019	102,128,706 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 Three Months Ended June 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 Three Months Ended June 30, 2020

(1) Explanation of the consolidated operating results

During the three months ended June 30, 2020, the conditions in the Japanese economy were extremely challenging due to the impact of the novel coronavirus disease (COVID-19). Looking ahead, although a recovery is expected amid a gradual 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 ¥104,304 million (up 6.7% year on year), operating profit was ¥10,379 million (up 78.2% year on year), ordinary profit was ¥11,060 million (up 64.4% year on year), and profit attributable to owners of parent was ¥8,400 million (up 76.4% year on year) for the period under review.

The foreign exchange rate as of the end of the period was ¥107.71 to the U.S. dollar (¥107.75 to the U.S. dollar as of the end of 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 demand for some supermarkets increased, there was a drop off in demand for convenience stores, restaurants and hotels, and sales volumes decreased. Sales also decreased due to the effects of a decline in market prices for the core products of salmon and trout and fewer inshore fish caught. As a result, segment sales were ¥6,860 million (down 7.2% year on year) and segment profit was ¥213 million (up 929.2% year on year) due to the effect of inventory valuation review conducted in the previous fiscal year and selling products at reasonable prices, despite increases in personnel expenses and depreciation.

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 addition to the strengthening of initiatives for existing customers and sales to new customers. 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 ¥23,682 million (up 19.8% year on year). Segment profit was ¥4,599 million (up 75.2% year on year) mainly due to increased sales volume, a decrease in raw material costs, and the curbing of sales promotion 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 ¥30,945 million (up 5.4% year on year) and segment profit was ¥3,495 million (up 146.6% 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 ¥20,757 million (up 12.0% year on year) and segment profit was ¥2,009 million (up 39.3% 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 and increased opportunities for dining at home, 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 ¥5,977 million (up 14.1% year on year), and the segment reported a segment loss of ¥182 million (compared with a segment loss of ¥318 million in the corresponding period of the previous fiscal year) owing to the increases mainly in personnel expenses and depreciation.

In the Cold-Storage Segment, sales from trade such as customs clearance and transportation were robust as we were able to maintain a high inventory level and 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 mainly in products for restaurant business due to the impact of the spread of COVID-19. As a result, segment sales were ¥5,389 million (up 7.3% year on year) while segment profit was ¥273 million (down 19.1% 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 ¥10,691 million (down 14.1% year on year) while segment profit was ¥208 million (down 53.6% year on year).

(2) Explanation of the consolidated financial position

At the end of the first quarter of the fiscal year ending March 31, 2021, total assets increased by ¥692 million from the previous fiscal year-end to ¥403,301 million, and net assets increased by ¥3,793 million to ¥321,787 million. The main factors contributing to these results are as follows:

The main contributing factors for assets were increases in cash and deposits, and buildings and structures, despite a decrease in notes and accounts receivable - trade. The main contributing factor for liabilities was a decrease in accrued expenses. The main contributing factor for net assets was an increase in retained earnings.

As a result of these factors, the equity ratio was 76.9%.

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

The Company has not changed its consolidated results forecasts for the first six months and the full term of the fiscal year ending March 31, 2021, as announced on May 15, 2020, because it is unclear when the COVID-19 pandemic will be brought under control and it is difficult to rationally calculate the impact on the consolidated results forecasts at this time. If any revisions are necessary 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 1Q FY2021 (June 30, 2020)
Assets		
Current assets		
Cash and deposits	112,754	114,692
Notes and accounts receivable - trade	57,106	51,717
Securities	23,000	23,000
Merchandise and finished goods	13,598	15,325
Work in process	347	370
Raw materials and supplies	6,062	6,601
Other	3,412	3,834
Allowance for doubtful accounts	(649)	(635)
Total current assets	215,632	214,905
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	72,706	77,104
Machinery, equipment and vehicles, net	37,521	38,122
Land	34,976	34,958
Leased assets, net	2,538	2,453
Construction in progress	7,233	3,423
Other, net	1,204	1,358
Total property, plant and equipment	156,181	157,420
Intangible assets		
Other	1,443	1,374
Total intangible assets	1,443	1,374
Investments and other assets		
Investment securities	27,018	27,454
Deferred tax assets	1,377	1,213
Retirement benefit asset	63	57
Other	891	874
Total investments and other assets	29,351	29,600
Total non-current assets	186,976	188,395
Total assets	402,608	403,301

(Millions of yen)

	As of end FY2020 (March 31, 2020)	As of end 1Q FY2021 (June 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,531	27,313
Short-term borrowings	324	342
Lease obligations	310	316
Accrued expenses	23,246	19,449
Income taxes payable	4,555	2,618
Provision for bonuses for directors (and other officers)	143	69
Other	2,544	2,791
Total current liabilities	56,656	52,901
Non-current liabilities		
Lease obligations	3,734	3,681
Deferred tax liabilities	2,185	2,856
Provision for retirement benefits for directors (and other officers)	326	312
Retirement benefit liability	20,303	20,361
Asset retirement obligations	212	213
Other	1,196	1,187
Total non-current liabilities	27,958	28,611
Total liabilities	84,614	81,513
Net assets		
Shareholders' equity		
Share capital	18,969	18,969
Capital surplus	22,942	22,942
Retained earnings	268,100	272,416
Treasury shares	(8,230)	(8,231)
Total shareholders' equity	301,781	306,096
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,372	7,681
Deferred gains or losses on hedges	11	3
Foreign currency translation adjustment	37	(1,065)
Remeasurements of defined benefit plans	(2,555)	(2,451)
Total accumulated other comprehensive income	4,866	4,169
Non-controlling interests	11,345	11,521
Total net assets	317,994	321,787
Total liabilities and net assets	402,608	403,301

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

(Millions of yen)

	1Q FY2020 (from April 1, 2019 to June 30, 2019)	1Q FY2021 (from April 1, 2020 to June 30, 2020)
Net sales	97,758	104,304
Cost of sales	62,513	63,011
Gross profit	35,244	41,293
Selling, general and administrative expenses	29,420	30,913
Operating profit	5,824	10,379
Non-operating income		
Interest income	523	364
Dividend income	242	258
Share of profit of entities accounted for using equity method	28	–
Miscellaneous income	252	261
Total non-operating income	1,047	884
Non-operating expenses		
Interest expenses	62	60
Share of loss of entities accounted for using equity method	–	108
Miscellaneous loss	81	34
Total non-operating expenses	143	204
Ordinary profit	6,727	11,060
Extraordinary income		
Gain on sales of non-current assets	0	0
Subsidy income	92	836
Other	19	1
Total extraordinary income	113	838
Extraordinary losses		
Loss on sales and retirement of non-current assets	118	69
Other	18	2
Total extraordinary losses	137	71
Profit before income taxes	6,704	11,826
Income taxes - current	1,376	2,632
Income taxes - deferred	453	649
Total income taxes	1,829	3,282
Profit	4,874	8,543
Profit attributable to non-controlling interests	112	143
Profit attributable to owners of parent	4,761	8,400

Quarterly consolidated statements of comprehensive income (Cumulative)

(Millions of yen)

	1Q FY2020 (from April 1, 2019 to June 30, 2019)	1Q FY2021 (from April 1, 2020 to June 30, 2020)
Profit	4,874	8,543
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,171)	366
Deferred gains or losses on hedges	(18)	(7)
Foreign currency translation adjustment	(2,919)	(1,103)
Remeasurements of defined benefit plans, net of tax	20	110
Share of other comprehensive income of entities accounted for using equity method	5	44
Total other comprehensive income	(4,084)	(589)
Comprehensive income	790	7,954
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	684	7,702
Comprehensive income attributable to non- controlling interests	105	251

- (3) 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. Three months ended June 30, 2019 (from April 1, 2019 to June 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	7,396	19,761	29,356	18,537	5,241	5,020	85,314	12,444	97,758	–	97,758
Intersegment sales or transfers	226	–	–	–	–	284	511	21	533	(533)	–
Total	7,623	19,761	29,356	18,537	5,241	5,305	85,825	12,466	98,291	(533)	97,758
Segment profit (loss)	20	2,624	1,417	1,443	(318)	337	5,525	448	5,973	(149)	5,824

- 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 ¥149 million in segment profit or loss adjustments includes companywide expenses of negative ¥290 million which have not been allocated to each reportable segment, a ¥21 million adjustment to inventories, and other adjustments of ¥119 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
 Not applicable

II. Three months ended June 30, 2020 (from April 1, 2020 to June 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	6,860	23,682	30,945	20,757	5,977	5,389	93,613	10,691	104,304	–	104,304
Intersegment sales or transfers	249	–	–	1	–	271	522	5	527	(527)	–
Total	7,109	23,682	30,945	20,758	5,977	5,661	94,135	10,696	104,832	(527)	104,304
Segment profit (loss)	213	4,599	3,495	2,009	(182)	273	10,408	208	10,617	(237)	10,379

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 ¥237 million in segment profit or loss adjustments includes companywide expenses of negative ¥309 million which have not been allocated to each reportable segment, a negative ¥56 million adjustment to inventories, and other adjustments of ¥128 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
Not applicable