

Consolidated Financial Results for the Six Months Ended September 30, 2019 <under J-GAAP>

Company name: **Toyo Suisan Kaisha, Ltd.**
 Listing: First Section of the Tokyo Stock Exchange
 Securities code: 2875
 URL: <https://www.maruchan.co.jp/>
 Representative: Masanari Imamura, Representative Director and President
 Contact: Chiyoko Matsumoto, General Manager of Accounting Department
 TEL: +81-3-3458-5246 (from overseas)

Scheduled date of filing of quarterly securities report: November 13, 2019
 Scheduled date of start of dividend payment: December 5, 2019
 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 FY2020 (from April 1, 2019 to September 30, 2019)

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

Six months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Sep. 30, 2019	198,345	1.0	11,664	0.8	13,229	4.5	9,571	12.2
Sep. 30, 2018	196,451	3.4	11,572	(9.5)	12,665	(8.9)	8,529	(3.0)

Note: Comprehensive income Six months ended September 30, 2019: 5,688 million yen [(64.8)%]
 Six months ended September 30, 2018: 16,169 million yen [52.8%]

Six months ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Sep. 30, 2019	93.72		-	
Sep. 30, 2018	83.52		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2019	387,978	309,256	76.8
As of Mar. 31, 2019	390,190	307,729	76.0

Reference: Equity

As of September 30, 2019: 298,107 million yen
 As of March 31, 2019: 296,638 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
FY2019	-	30.00	-	40.00	70.00
FY2020	-	40.00	-	-	-
FY2020 (Forecast)	-	-	-	40.00	80.00

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

3. Consolidated Results Forecasts for FY2020 (from April 1, 2019 to March 31, 2020)

(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	420,000	4.7	27,000	14.1	29,500	12.7	21,000	13.9	205.62

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, 2019	110,881,044 shares
As of March 31, 2019	110,881,044 shares

b. Number of treasury shares at end of period

As of September 30, 2019	8,752,506 shares
As of March 31, 2019	8,752,148 shares

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

Six months ended September 30, 2019	102,128,622 shares
Six months ended September 30, 2018	102,129,126 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, 2019” 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.

Index of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Results for the Six Months Ended September 30, 2019	2
(1) Explanation of the consolidated operating results.....	2
(2) Explanation of the consolidated financial position	3
(3) Explanation of forward-looking information, including consolidated results forecasts	3
2. Quarterly Consolidated Financial Statements and Significant Notes Thereto	4
(1) Quarterly consolidated balance sheets	4
(2) Quarterly consolidated statements of income and comprehensive income.....	6
Quarterly consolidated statements of income (Cumulative).....	6
Quarterly consolidated statements of comprehensive income (Cumulative).....	7
(3) Quarterly consolidated statements of cash flows	8
(4) Notes to quarterly consolidated financial statements	10
(Notes on going concern assumptions)	10
(Notes in the event of substantial changes in shareholders' equity).....	10
(Segment information)	10

1. Qualitative Information on Quarterly Consolidated Financial Results for the Six Months Ended September 30, 2019

(1) Explanation of the consolidated operating results

During the six months ended September 30, 2019, although the Japanese economy continued to recover at a gradual pace, on the back of results from various economic measures and improvements in the employment and income environments, despite continuing weakness primarily of exports, the economy continued to be exposed to downside risks from the impacts of the increasing tensions regarding trade problems on the global economy, the uncertainties in overseas economies, and fluctuations in the financial and capital markets.

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 ¥198,345 million (up 1.0% year on year), operating profit was ¥11,664 million (up 0.8% year on year), ordinary profit was ¥13,229 million (up 4.5% year on year), and profit attributable to owners of parent was ¥9,571 million (up 12.2% year on year) for the period under review.

The foreign exchange rate for the period was ¥107.93 to the U.S. dollar (¥113.58 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, although the Group focused on selling products at reasonable prices to convenience stores and mass retailers due to the effects of market fluctuations for the core products of salmon, trout, fish eggs, etc. and price rises in the cost of fish due to diminishing shore fish catches in Japan and other countries, competition intensified and sales volumes decreased. As a result, segment sales were ¥14,927 million (down 2.8% year on year) while segment loss was ¥31 million (compared with a segment profit of ¥159 million in the corresponding period of the previous fiscal year).

In the Overseas Instant Noodles Segment, sales increased in the U.S. because of favorable sales of our signature products, the bag-type noodle product *Ramen* series, the cup-type noodle product *Instant Lunch* series, and the *Bowl* series owing to the implementation of special sales campaigns at each of our leading customers’ stores and the implementation of regular “back-to-school” sales campaigns, etc. In Mexico, sales increased thanks to robust trends from cup-type noodles, our signature products, and favorable sales of bag-type noodles, for which we reinforced sales. As a result, segment sales were ¥41,860 million (up 2.7% year on year). Segment profit was ¥5,237 million (up 15.6% year on year) due to increased sales volume, the curbing of sales promotion costs and reduced distribution costs, despite factors such as an increase in personnel expenses.

In the Domestic Instant Noodles Segment, amid production and supply costs increasing, the Group revised prices from June 2019 in order to steadily deliver quality products that satisfy customers. Under such circumstances, sales in cup-type noodles increased thanks to strong sales of the limited time only products such as *Akai Tanuki Ten Udon* and *Akai Kitsune Yakiudon*, as well as the *Maruchan Seimen Cup* series, which added new products such as yakisoba and dry dandan noodle products, for which noodles are soaked in hot water and drained, and the *Gotsu Mori* series, in addition to carrying out initiatives to invigorate the market with various promotions centered on our key branded products such as the Japanese-style series including *Akai Kitsune Udon* and *Midori no Tanuki Ten Soba*, the *Menzukuri* series and the *MARUCHAN QTTA* series. There were decreased sales in bag-type noodles despite efforts to stimulate demand, centering on the *Maruchan Seimen* series. As a result, segment sales were ¥57,540 million (up 0.7% year on year) and segment profit was ¥3,125 million (up 12.8% year on year) due to an increase in sales, despite factors such as an increase in distribution costs and raw materials costs.

In the Frozen and Refrigerated Foods Segment, amid production and supply costs increasing, the Group revised prices from April 2019 in order to steadily deliver quality products that satisfy customers. Under such circumstances, sales increased in fresh noodles thanks to not only “on plan” sales performance of the *Maruchan Yakisoba (Three-Meal Package)* series, for which we took initiatives such as sales of products offered for a limited time only and implementation of consumer campaigns, but also the significant increases of the *Tsuruyaka* series, whose preparation simply requires separating the noodles by water and whose sales area has increased throughout Japan this fiscal year, and of the *Pari-Pari Mugen* series, which offers a very tasty way to eat vegetables. Among frozen and chilled foods, although our signature *shumai* (steamed dumpling) and wonton products saw a decrease in sales, sales were strong for products such as the household *Frozen Yakisoba Noodles*. As a result, segment sales were ¥37,286 million (up 2.3% year on year) and segment profit was ¥2,877 million (up 11.6% year on year) due to an increase in sales, despite factors such as an increase in distribution costs.

In the Processed Foods Segment, the Group worked to increase production capacity in packaged cooked rice and freeze-dried products in order to capture market expansion. We worked to introduce new products in addition to promoting sales of our signature products such as the *Attaka Gohan* series, an aseptically packed cooked rice product and the *Sozai no Chikara* series, a freeze dried soup product with five packs in one bag. As a result, segment sales were ¥10,960 million (up 1.2% year on year), and the segment reported a segment loss of ¥766 million (compared with a segment loss of ¥472 million in the corresponding period of the previous fiscal year) owing to the increases mainly in depreciation associated with the start of operations of the new factories.

In the Cold-Storage Segment, the Group saw robust sales from trade centered on frozen foods and trade in incidental businesses such as customs clearance and transportation, in addition to an increase in warehouse capacity because of the operation of the Saitama Sugito Distribution Center and the Kobe Distribution Center, which began in January 2019. As a result, segment sales were ¥10,331 million (up 10.9% year on year) while segment profit was ¥665 million (down 38.5% 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 ¥25,439 million (down 4.4% year on year) while segment profit was ¥840 million (down 31.8% year on year).

(2) Explanation of the consolidated financial position

At the end of the second quarter of the fiscal year ending March 31, 2020, total assets decreased by ¥2,212 million from the previous fiscal year-end to ¥387,978 million, and net assets increased by ¥1,527 million to ¥309,256 million. The main factors contributing to these results are as follows:

The main contributing factors for assets were decreases in notes and accounts receivable - trade and investment securities, despite increases in cash and deposits and construction in progress. The main contributing factors for liabilities were decreases in notes and accounts payable - trade, other current liabilities and other non-current liabilities. The main contributing factor for net assets was an increase in retained earnings, despite decreases in valuation difference on available-for-sale securities and foreign currency translation adjustment.

As a result of these factors, the equity ratio was 76.8%.

(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, 2020 increased by ¥3,051 million (13.1%) from the end of the previous fiscal year to ¥26,337 million.

The respective cash flow positions during the six months ended September 30, 2019 are as follows.

Net cash provided by operating activities increased by ¥7,096 million (49.7%) compared with the corresponding period of the previous fiscal year to ¥21,364 million. The main contributing factor was a decrease in trade receivables.

Net cash used in investing activities decreased by ¥10 million (0.1%) compared with the corresponding period of the previous fiscal year to ¥13,457 million. The main contributing factor was a decrease in purchase of property, plant and equipment.

Net cash used in financing activities increased by ¥1,388 million (43.0%) compared with the corresponding period of the previous fiscal year to ¥4,618 million. The main contributing factor was an increase in dividends paid.

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

The Company has not changed its consolidated results forecasts for the fiscal year ending March 31, 2020, as announced on May 10, 2019, because the results for the first six months were within its expectations. 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 FY2019 (March 31, 2019)	As of end 2Q FY2020 (September 30, 2019)
Assets		
Current assets		
Cash and deposits	86,280	88,520
Notes and accounts receivable - trade	54,432	50,826
Securities	32,000	33,000
Merchandise and finished goods	19,168	18,117
Work in process	332	332
Raw materials and supplies	6,722	6,853
Other	4,990	3,917
Allowance for doubtful accounts	(628)	(656)
Total current assets	203,298	200,911
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	71,773	71,596
Machinery, equipment and vehicles, net	35,599	36,629
Land	35,622	35,540
Leased assets, net	2,707	2,657
Construction in progress	5,722	6,934
Other, net	1,350	1,315
Total property, plant and equipment	152,776	154,674
Intangible assets		
Other	1,604	1,465
Total intangible assets	1,604	1,465
Investments and other assets		
Investment securities	30,409	28,445
Deferred tax assets	1,165	1,476
Retirement benefit asset	75	69
Other	860	935
Total investments and other assets	32,511	30,926
Total non-current assets	186,891	187,066
Total assets	390,190	387,978

(Millions of yen)

	As of end FY2019 (March 31, 2019)	As of end 2Q FY2020 (September 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,320	24,774
Short-term borrowings	644	316
Lease obligations	254	285
Accrued expenses	21,111	20,342
Income taxes payable	1,909	3,181
Provision for bonuses for directors (and other officers)	74	39
Other	3,555	2,353
Total current liabilities	53,870	51,293
Non-current liabilities		
Lease obligations	3,664	3,678
Deferred tax liabilities	3,476	3,120
Provision for retirement benefits for directors (and other officers)	302	308
Retirement benefit liability	18,899	18,934
Provision for loss on business of subsidiaries and associates	28	–
Asset retirement obligations	216	211
Other	2,002	1,175
Total non-current liabilities	28,590	27,428
Total liabilities	82,461	78,722
Net assets		
Shareholders' equity		
Share capital	18,969	18,969
Capital surplus	22,942	22,942
Retained earnings	252,891	258,377
Treasury shares	(8,228)	(8,229)
Total shareholders' equity	286,574	292,059
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,853	8,513
Deferred gains or losses on hedges	(1)	0
Foreign currency translation adjustment	2,054	(709)
Remeasurements of defined benefit plans	(1,843)	(1,757)
Total accumulated other comprehensive income	10,063	6,047
Non-controlling interests	11,090	11,148
Total net assets	307,729	309,256
Total liabilities and net assets	390,190	387,978

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

(Millions of yen)

	2Q FY2019 (from April 1, 2018 to September 30, 2018)	2Q FY2020 (from April 1, 2019 to September 30, 2019)
Net sales	196,451	198,345
Cost of sales	125,692	127,532
Gross profit	70,759	70,812
Selling, general and administrative expenses	59,187	59,148
Operating profit	11,572	11,664
Non-operating income		
Interest income	754	1,023
Dividend income	270	283
Share of profit of entities accounted for using equity method	62	61
Miscellaneous income	502	478
Total non-operating income	1,588	1,847
Non-operating expenses		
Interest expenses	127	123
Provision of allowance for doubtful accounts	228	–
Miscellaneous loss	140	158
Total non-operating expenses	496	282
Ordinary profit	12,665	13,229
Extraordinary income		
Gain on sales of non-current assets	8	2
Gain on sales of investment securities	232	–
Subsidy income	93	93
Other	60	19
Total extraordinary income	394	115
Extraordinary losses		
Loss on sales and retirement of non-current assets	202	168
Impairment loss	176	10
Loss on disaster	123	–
Other	1	16
Total extraordinary losses	505	195
Profit before income taxes	12,555	13,149
Income taxes - current	3,402	3,528
Income taxes - deferred	339	(109)
Total income taxes	3,742	3,418
Profit	8,812	9,731
Profit attributable to non-controlling interests	283	159
Profit attributable to owners of parent	8,529	9,571

Quarterly consolidated statements of comprehensive income (Cumulative)

(Millions of yen)

	2Q FY2019 (from April 1, 2018 to September 30, 2018)	2Q FY2020 (from April 1, 2019 to September 30, 2019)
Profit	8,812	9,731
Other comprehensive income		
Valuation difference on available-for-sale securities	1,042	(1,381)
Deferred gains or losses on hedges	68	2
Foreign currency translation adjustment	6,109	(2,764)
Remeasurements of defined benefit plans, net of tax	126	96
Share of other comprehensive income of entities accounted for using equity method	10	4
Total other comprehensive income	7,356	(4,042)
Comprehensive income	16,169	5,688
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,033	5,555
Comprehensive income attributable to non- controlling interests	135	133

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	2Q FY2019 (from April 1, 2018 to September 30, 2018)	2Q FY2020 (from April 1, 2019 to September 30, 2019)
Cash flows from operating activities		
Profit before income taxes	12,555	13,149
Depreciation	6,547	7,143
Impairment loss	176	10
Share of loss (profit) of entities accounted for using equity method	(62)	(61)
Loss (gain) on sales of investment securities	(232)	–
Increase (decrease) in retirement benefit liability	(13)	196
Increase (decrease) in provision for retirement benefits for directors (and other officers)	4	6
Increase (decrease) in provision for bonuses for directors (and other officers)	(40)	(35)
Increase (decrease) in allowance for doubtful accounts	231	27
Interest and dividend income	(1,024)	(1,307)
Interest expenses	127	123
Foreign exchange losses (gains)	(53)	15
Loss (gain) on sales and retirement of property, plant and equipment	193	165
Decrease (increase) in trade receivables	380	3,494
Decrease (increase) in inventories	5	814
Increase (decrease) in trade payables	(827)	(1,467)
Increase (decrease) in accrued expenses	(653)	(713)
Other, net	(507)	1,707
Subtotal	16,808	23,270
Interest and dividends received	825	1,166
Interest paid	(127)	(123)
Income taxes paid	(3,239)	(2,949)
Net cash provided by (used in) operating activities	14,267	21,364
Cash flows from investing activities		
Payments into time deposits	(28,068)	(27,522)
Proceeds from withdrawal of time deposits	26,190	26,598
Purchase of securities	(42,000)	(45,000)
Proceeds from redemption of securities	44,000	44,000
Purchase of property, plant and equipment	(13,538)	(11,167)
Proceeds from sales of property, plant and equipment	18	3
Purchase of intangible assets	(262)	(198)
Purchase of investment securities	(14)	(15)
Proceeds from sales of investment securities	342	–
Loan advances	(718)	(843)
Collection of loans receivable	604	794
Other, net	(21)	(106)
Net cash provided by (used in) investing activities	(13,467)	(13,457)

(Millions of yen)

	2Q FY2019 (from April 1, 2018 to September 30, 2018)	2Q FY2020 (from April 1, 2019 to September 30, 2019)
Cash flows from financing activities		
Proceeds from short-term borrowings	463	373
Repayments of short-term borrowings	(432)	(700)
Dividends paid	(3,058)	(4,079)
Dividends paid to non-controlling interests	(77)	(71)
Other, net	(125)	(140)
Net cash provided by (used in) financing activities	(3,229)	(4,618)
Effect of exchange rate change on cash and cash equivalents	517	(237)
Net increase (decrease) in cash and cash equivalents	(1,913)	3,051
Cash and cash equivalents at beginning of period	25,409	23,286
Cash and cash equivalents at end of period	23,496	26,337

- (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)
 [Segment information]

I. Six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

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	15,353	40,771	57,135	36,444	10,826	9,315	169,848	26,603	196,451	–	196,451
Intersegment sales or transfers	509	–	–	–	–	523	1,033	45	1,078	(1,078)	–
Total	15,863	40,771	57,135	36,444	10,826	9,839	170,881	26,649	197,530	(1,078)	196,451
Segment profit (loss)	159	4,528	2,771	2,577	(472)	1,082	10,648	1,233	11,882	(309)	11,572

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 ¥309 million in segment profit or loss adjustments includes companywide expenses of negative ¥557 million which have not been allocated to each reportable segment, a ¥34 million adjustment to inventories, and other adjustments of ¥213 million. Companywide expenses refer mainly to general and administrative expenses which do not belong to any reportable segment. Other adjustments are mainly for offset and 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, 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 offset and 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.