

January 31, 2018

Consolidated Financial Results for the Nine Months Ended December 31, 2017 <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: February 13, 2018
 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 Nine Months of FY2018 (from April 1, 2017 to December 31, 2017)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Dec. 31, 2017	299,479	1.7	22,306	(8.0)	24,045	(6.9)	16,273	(5.7)
Dec. 31, 2016	294,510	(0.7)	24,243	6.4	25,816	8.5	17,253	9.3

Note: Comprehensive income Nine months ended December 31, 2017: 19,854 million yen [(6.2)%]
 Nine months ended December 31, 2016: 21,155 million yen [13.0%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
Dec. 31, 2017	159.34	–
Dec. 31, 2016	168.94	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2017	381,450	295,375	74.5
As of Mar. 31, 2017	361,074	281,795	75.1

Reference: Equity

As of December 31, 2017: 284,337 million yen

As of March 31, 2017: 271,198 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
FY2017	–	30.00	–	30.00	60.00
FY2018	–	30.00	–		
FY2018 (Forecast)				30.00	60.00

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

3. Consolidated Results Forecasts for FY2018 (from April 1, 2017 to March 31, 2018)

(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	400,000	4.5	30,000	1.7	31,500	1.1	21,400	2.7	209.54

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 December 31, 2017	110,881,044 shares
As of March 31, 2017	110,881,044 shares

- b. Number of treasury shares at end of period

As of December 31, 2017	8,751,888 shares
As of March 31, 2017	8,751,549 shares

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

Nine months ended December 31, 2017	102,129,322 shares
Nine months ended December 31, 2016	102,129,583 shares

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

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

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 Toyo Suisan Kaisha, Ltd. (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 Nine Months Ended December 31, 2017" 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 Nine Months Ended December 31, 2017

(1) Explanation of the consolidated operating results

During the nine months ended December 31, 2017, although the Japanese economy continued to recover at a gradual pace, a lack of clarity regarding the economic future still persisted owing to developments such as the slowdown in economic growth centered on emerging nations in Asia, which led to increasing uncertainty with regard to overseas economies.

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 ¥299,479 million (up 1.7% year on year), operating profit was ¥22,306 million (down 8.0% year on year), ordinary profit was ¥24,045 million (down 6.9% year on year), and profit attributable to owners of parent was ¥16,273 million (down 5.7% year on year) for the period under review.

The foreign exchange rate for the period was ¥113.00 to the U.S. dollar (¥116.49 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, while there was increasing severity in business conditions due to a decrease in the haul of fish and harsher sales competition in the domestic market, segment sales increased centered on mainstay products such as fish eggs, and salmon and trout due to the strengthening of sales efforts to various retailers and the reassessment of procurement strategies. As a result, segment sales were ¥24,472 million (up 1.2% year on year). While segment profit was ¥354 million (up 38.2% year on year), due to an increase in sales and improvement in the cost of sales ratio.

As for the Overseas Instant Noodles Segment, in the U.S., we strove to strengthen initiatives with various trading partners and aggressively implemented in-store display promotions on a mass scale and other strategies, which provided increased sales. In Mexico, sales increased mainly due to the favorable level of orders from trading-company distribution routes and the special sales campaigns carried out at major mass retailers, as well as boosting sales of bag-type noodles. As a result, segment sales were ¥57,061 million (up 0.6% year on year). Segment profit was ¥8,413 million (down 10.0% year on year) due to the increases mainly in personnel expenses and transportation costs.

In the Domestic Instant Noodles Segment, in cup-type noodles, our signature products *Akai Kitsune Udon*, *Midori no Tanuki Ten Soba*, *Gotsu Mori*, and *Menzukuri*, whose recipe has been renewed to mark its 25th anniversary, sold well. In addition, sales of *MARUCHAN QTTA*, which was launched in March 2017, also contributed, resulting in an overall increase in sales. In bag-type noodles, despite efforts such as stimulating new demand by launching new flavors and holding consumer campaigns in the *Maruchan Seimen* series, total sales decreased amidst a challenging overall market environment. As a result, segment sales were ¥98,801 million (up 2.3% year on year). Segment profit was ¥6,739 million (down 20.6% year on year), mainly due to the increases in advertising costs and depreciation.

In the Frozen and Refrigerated Foods Segment, sales increased in fresh noodles overall, due to such factors as the favorable sales of our signature product *Maruchan Yakisoba (Three-Meal Package)* series, contribution to sales from the two-meal package *Maruchan Yakisoba Kiwami Futomen* series launched in February 2017, and the introduction of the new two-meal package fresh ramen noodle product *Koku no Itteki* series. In chilled foods, *Maruchan Yakisoba Shumai*, *Maruchan Soup Wonton*, and newly launched *Maruchan Yakisoba Gyoza* sold well. In frozen foods, *Rice Burger*, which introduced new products, and *Chinchintei Abura Soba* sold well, resulting in increase in sales. As a result, segment sales were ¥52,414 million (up 2.0% year on year). Segment profit was ¥4,126 million (up 8.4% year on year), due to an increase in sales.

In the Processed Foods Segment, sales of packaged cooked rice decreased due in part to the impact of temporary adjustments to sales to ensure the continuation of stable supply in the period until completion of production capacity upgrades despite robust sales of brown rice and *sekihan* (sticky rice steamed with adzuki beans) of the retort packaged cooked rice products. In the freeze-dried products, sales increased due to the expansion of stores newly adopting products proceeded steadily. As a result, segment sales were ¥16,162 million (down 0.2% year on year). Segment profit was ¥327 million (down 49.9% year on year), due to an increase in fixed costs accompanying preparations to start operations at a new plant and other factors.

In the Cold-Storage Segment, storage and delivery services centered on frozen foods and livestock products increased thanks to aggressive sales activities. As a result, segment sales were ¥13,598 million (up 4.8% year on year). Segment profit was ¥1,719 million (up 21.1% year on year) due to an increase in sales and the contribution from reduced expenses achieved through making operations more efficient.

The Other Business Segment consists of mainly the packed lunch/deli food business. Segment sales were ¥36,968 million (up 1.3% year on year), while segment profit was ¥1,303 million (up 11.9% year on year).

(2) Explanation of the consolidated financial position

At the end of the third quarter of the fiscal year ending March 31, 2018, total assets increased by ¥20,375 million from the previous fiscal year-end to ¥381,450 million, and net assets increased by ¥13,580 million to ¥295,375 million. The main factors contributing to these results are as follows:

The main contributing factors for assets were increases in notes and accounts receivable - trade, construction in progress, and investment securities and a decrease in securities. The main contributing factors for liabilities were increases in notes and accounts payable - trade and accrued expenses. The main contributing factors for net assets were increases in retained earnings and valuation difference on available-for-sale securities.

As a result of these factors, the equity ratio was 74.5%.

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

We have not changed our consolidated results forecasts for the full term of the fiscal year ending March 31, 2018, as announced on May 12, 2017, because the results for the first nine months were within our expectations. Should any changes occur in the future, the relevant information will be duly disclosed.

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of end FY2017 (March 31, 2017)	As of end 3Q FY2018 (December 31, 2017)
Assets		
Current assets		
Cash and deposits	78,209	80,422
Notes and accounts receivable - trade	50,315	66,332
Securities	43,000	33,000
Merchandise and finished goods	15,678	17,859
Work in process	409	261
Raw materials and supplies	5,307	5,689
Deferred tax assets	1,825	1,268
Other	3,062	3,080
Allowance for doubtful accounts	(493)	(397)
Total current assets	197,314	207,518
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	59,557	57,655
Machinery, equipment and vehicles, net	28,347	26,935
Land	35,336	36,157
Leased assets, net	2,970	3,067
Construction in progress	1,786	11,520
Other, net	1,356	1,199
Total property, plant and equipment	129,355	136,535
Intangible assets		
Other	2,428	1,844
Total intangible assets	2,428	1,844
Investments and other assets		
Investment securities	29,689	33,211
Deferred tax assets	1,469	1,369
Net defined benefit asset	73	66
Other	1,074	1,235
Allowance for doubtful accounts	(331)	(331)
Total investments and other assets	31,976	35,551
Total non-current assets	163,760	173,931
Total assets	361,074	381,450

(Millions of yen)

	As of end FY2017 (March 31, 2017)	As of end 3Q FY2018 (December 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,339	29,291
Short-term loans payable	267	290
Lease obligations	243	231
Accrued expenses	19,713	22,148
Income taxes payable	3,068	1,222
Deferred tax liabilities	2	2
Provision for directors' bonuses	196	39
Provision for removal cost of property, plant and equipment	179	16
Other	2,208	3,732
Total current liabilities	50,219	56,976
Non-current liabilities		
Lease obligations	3,955	3,802
Deferred tax liabilities	4,021	4,176
Provision for directors' retirement benefits	213	274
Net defined benefit liability	18,846	18,889
Asset retirement obligations	229	214
Other	1,794	1,741
Total non-current liabilities	29,060	29,098
Total liabilities	79,279	86,074
Net assets		
Shareholders' equity		
Capital stock	18,969	18,969
Capital surplus	22,942	22,942
Retained earnings	228,277	238,423
Treasury shares	(8,225)	(8,227)
Total shareholders' equity	261,963	272,107
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,738	10,885
Deferred gains or losses on hedges	(5)	1
Foreign currency translation adjustment	2,627	3,264
Remeasurements of defined benefit plans	(2,124)	(1,921)
Total accumulated other comprehensive income	9,235	12,229
Non-controlling interests	10,596	11,037
Total net assets	281,795	295,375
Total liabilities and net assets	361,074	381,450

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

(Millions of yen)

	3Q FY2017 (from April 1, 2016 to December 31, 2016)	3Q FY2018 (from April 1, 2017 to December 31, 2017)
Net sales	294,510	299,479
Cost of sales	182,255	185,791
Gross profit	112,254	113,687
Selling, general and administrative expenses	88,011	91,380
Operating profit	24,243	22,306
Non-operating income		
Interest income	622	831
Dividend income	403	415
Share of profit of entities accounted for using equity method	88	112
Rent income	254	253
Foreign exchange gains	289	71
Miscellaneous income	505	520
Total non-operating income	2,163	2,206
Non-operating expenses		
Interest expenses	200	195
Cost of lease revenue	50	46
Compensation expenses	26	88
Provision of allowance for doubtful accounts	150	—
Miscellaneous loss	162	137
Total non-operating expenses	590	467
Ordinary profit	25,816	24,045
Extraordinary income		
Gain on sales of non-current assets	19	34
Gain on sales of investment securities	—	0
Subsidy income	1,119	—
Other	55	3
Total extraordinary income	1,194	38
Extraordinary losses		
Loss on sales and retirement of non-current assets	391	664
Loss on valuation of investment securities	5	—
Loss on valuation of shares of subsidiaries and associates	429	145
Impairment loss	765	10
Other	9	3
Total extraordinary losses	1,601	824
Profit before income taxes	25,408	23,259
Income taxes - current	7,925	6,973
Income taxes - deferred	(134)	(316)
Total income taxes	7,791	6,656
Profit	17,617	16,603
Profit attributable to non-controlling interests	364	329
Profit attributable to owners of parent	17,253	16,273

Quarterly consolidated statements of comprehensive income (Cumulative)

(Millions of yen)

	3Q FY2017 (from April 1, 2016 to December 31, 2016)	3Q FY2018 (from April 1, 2017 to December 31, 2017)
Profit	17,617	16,603
Other comprehensive income		
Valuation difference on available-for-sale securities	663	2,346
Deferred gains or losses on hedges	79	7
Foreign currency translation adjustment	2,532	637
Remeasurements of defined benefit plans, net of tax	242	220
Share of other comprehensive income of entities accounted for using equity method	20	39
Total other comprehensive income	3,538	3,251
Comprehensive income	21,155	19,854
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,648	19,268
Comprehensive income attributable to non- controlling interests	506	586

(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, etc.)

Segment information

I. Nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

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	24,186	56,699	96,573	51,379	16,189	12,977	258,004	36,505	294,510	—	294,510
Internal net sales or transfer between segments	765	—	—	—	—	643	1,409	332	1,742	(1,742)	—
Total	24,952	56,699	96,573	51,379	16,189	13,620	259,414	36,837	296,252	(1,742)	294,510
Segment profit	256	9,343	8,493	3,807	654	1,419	23,974	1,165	25,139	(896)	24,243

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 ¥896 million in segment profit adjustments includes companywide expenses of negative ¥930 million which have not been allocated to each reportable segment, a ¥12 million adjustment to inventories, and other adjustments of ¥21 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 at account closing.

3. Segment profit 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 omitted due to the immateriality of the amount.

II. Nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

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	24,472	57,061	98,801	52,414	16,162	13,598	262,510	36,968	299,479	—	299,479
Internal net sales or transfer between segments	768	—	—	—	—	749	1,518	182	1,700	(1,700)	—
Total	25,240	57,061	98,801	52,414	16,162	14,347	264,028	37,151	301,179	(1,700)	299,479
Segment profit	354	8,413	6,739	4,126	327	1,719	21,681	1,303	22,985	(678)	22,306

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 ¥678 million in segment profit adjustments includes companywide expenses of negative ¥876 million which have not been allocated to each reportable segment, a negative ¥30 million adjustment to inventories, and other adjustments of ¥228 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 at account closing.

3. Segment profit 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 omitted due to the immateriality of the amount.