

Consolidated Financial Results
for the Three Months Ended June 30, 2019
<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, 2019
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 FY2020
(from April 1, 2019 to June 30, 2019)

(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, 2019	97,758	1.0	5,824	(10.2)	6,727	(6.6)	4,761	(6.8)
Jun. 30, 2018	96,749	3.8	6,485	1.4	7,207	3.9	5,107	10.0

Note: Comprehensive income Three months ended June 30, 2019: 790 million yen [(92.0)%]
Three months ended June 30, 2018: 9,897 million yen [80.4%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
Jun. 30, 2019	46.63	–
Jun. 30, 2018	50.01	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2019	382,191	304,358	76.7
As of Mar. 31, 2019	390,190	307,729	76.0

Reference: Equity
As of June 30, 2019: 293,236 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	–	–	–	–	–
FY2020 (Forecast)	–	40.00	–	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
Half year	204,000	3.8	12,000	3.7	13,200	4.2	9,500	11.4	93.02
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 June 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 June 30, 2019	8,752,341 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)

Three months ended June 30, 2019	102,128,706 shares
Three months ended June 30, 2018	102,129,146 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, 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.

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

(1) Explanation of the consolidated operating results

During the three months ended June 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 of exports and production, the economy continued to be exposed to downside risks from the impacts of the trends in 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 ¥97,758 million (up 1.0% year on year), operating profit was ¥5,824 million (down 10.2% year on year), ordinary profit was ¥6,727 million (down 6.6% year on year), and profit attributable to owners of parent was ¥4,761 million (down 6.8% year on year) for the period under review.

The foreign exchange rate for the period was ¥107.75 to the U.S. dollar (¥110.45 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 ¥7,396 million (down 6.0% year on year) while segment profit was ¥20 million (down 78.8% year on year).

In the Overseas Instant Noodles Segment, sales increased in the U.S. owing to the implementation of special sales campaigns at each of our leading customers’ stores and increased orders due to “back-to-school” sales. Sales of our signature products, the bag-type noodle product *Ramen*, the cup-type noodle product *Instant Lunch*, and the *Bowl* series increased, exceeding those year on year. In Mexico, sales increased thanks to favorable sales of cup-type noodles, our signature products, and bag-type noodles, of which we reinforced sales. As a result, segment sales were ¥19,761 million (up 4.1% year on year). Segment profit was ¥2,624 million (up 11.6% year on year) due to increased sales volume and reduced sales promotion costs and distribution costs, despite the increases in raw materials costs and 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, the Group worked to expand the *MARUCHAN QTTA* series, which added new items to its lineup, and the *Gotsu Mori* series, in addition to our Japanese-style series such as the cup-type noodles *Akai Kitsune Udon* and *Midori no Tanuki Ten Soba*. Additionally, cup-type noodles saw increased sales overall owing to the significant addition of three new noodle products in the *Maruchan Seimen Cup* series in which the hot water is drained off before consumption. There were decreased sales in bag-type noodles despite efforts to stimulate demand with various promotions in the *Maruchan Seimen* series. As a result, segment sales were ¥29,356 million (up 1.2% year on year). Segment profit was ¥1,417 million (down 12.0% year on year), mainly due to the increases 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 volume and sales amount in fresh noodles exceeded those year on year thanks to not only robust sales of the *Maruchan Yakisoba (Three-Meal Package)* series, of 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 increased throughout Japan this quarter, 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 ¥18,537 million (up 3.3% year on year) and segment profit was ¥1,443 million (up 6.7% 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 has worked to increase production capacity in packaged cooked rice and freeze-dried products in order to capture market expansion. There were decreased sales despite sales

promotion plans such as the sale of new products and supporting new lifestyles, centering on the *Attaka Gohan* series, an aseptically packed cooked rice product, of which a new production line began operations in summer 2018, and *Sozai no Chikara*, a freeze dried soup product with five packs in one bag. As a result, segment sales were ¥5,241 million (down 0.5% year on year), and the segment reported a segment loss of ¥318 million (compared with a segment loss of ¥121 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 in incidental businesses such as product storage for new customers, customs clearance and transportation, in addition to an increase in warehouse capacity as the Saitama Sugito Distribution Center and the Kobe Distribution Center began operations in January 2019. As a result, segment sales were ¥5,020 million (up 9.6% year on year) while segment profit was ¥337 million (down 44.5% 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 ¥12,444 million (down 4.9% year on year) while segment profit was ¥448 million (down 32.4% year on year).

(2) Explanation of the consolidated financial position

At the end of the first quarter of the fiscal year ending March 31, 2020, total assets decreased by ¥7,999 million from the previous fiscal year-end to ¥382,191 million, and net assets decreased by ¥3,370 million to ¥304,358 million. The main factors contributing to these results are as follows:

The main contributing factors for assets were decreases in securities and investment securities, despite an increase in cash and deposits. The main contributing factors for liabilities were decreases in accrued expenses and income taxes payable. The main contributing factors for net assets were decreases in valuation difference on available-for-sale securities and foreign currency translation adjustment.

As a result of these factors, the equity ratio was 76.7%.

(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, 2020, as announced on May 10, 2019, because the results for the first three months were within its 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 FY2019 (March 31, 2019)	As of end 1Q FY2020 (June 30, 2019)
Assets		
Current assets		
Cash and deposits	86,280	87,912
Notes and accounts receivable - trade	54,432	53,614
Securities	32,000	25,000
Merchandise and finished goods	19,168	19,379
Work in process	332	351
Raw materials and supplies	6,722	7,115
Other	4,990	5,020
Allowance for doubtful accounts	(628)	(664)
Total current assets	203,298	197,731
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	71,773	71,679
Machinery, equipment and vehicles, net	35,599	34,773
Land	35,622	35,535
Leased assets, net	2,707	2,632
Construction in progress	5,722	6,225
Other, net	1,350	1,299
Total property, plant and equipment	152,776	152,147
Intangible assets		
Other	1,604	1,508
Total intangible assets	1,604	1,508
Investments and other assets		
Investment securities	30,409	28,752
Deferred tax assets	1,165	1,135
Retirement benefit asset	75	70
Other	860	844
Total investments and other assets	32,511	30,803
Total non-current assets	186,891	184,460
Total assets	390,190	382,191

(Millions of yen)

	As of end FY2019 (March 31, 2019)	As of end 1Q FY2020 (June 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,320	25,426
Short-term borrowings	644	327
Lease obligations	254	259
Accrued expenses	21,111	18,976
Income taxes payable	1,909	930
Provision for bonuses for directors (and other officers)	74	27
Other	3,555	3,451
Total current liabilities	53,870	49,398
Non-current liabilities		
Lease obligations	3,664	3,627
Deferred tax liabilities	3,476	3,444
Provision for retirement benefits for directors (and other officers)	302	304
Retirement benefit liability	18,899	18,896
Provision for loss on business of subsidiaries and associates	28	–
Asset retirement obligations	216	211
Other	2,002	1,949
Total non-current liabilities	28,590	28,434
Total liabilities	82,461	77,833
Net assets		
Shareholders' equity		
Share capital	18,969	18,969
Capital surplus	22,942	22,942
Retained earnings	252,891	253,568
Treasury shares	(8,228)	(8,229)
Total shareholders' equity	286,574	287,250
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,853	8,698
Deferred gains or losses on hedges	(1)	(19)
Foreign currency translation adjustment	2,054	(864)
Remeasurements of defined benefit plans	(1,843)	(1,828)
Total accumulated other comprehensive income	10,063	5,985
Non-controlling interests	11,090	11,121
Total net assets	307,729	304,358
Total liabilities and net assets	390,190	382,191

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

(Millions of yen)

	1Q FY2019 (from April 1, 2018 to June 30, 2018)	1Q FY2020 (from April 1, 2019 to June 30, 2019)
Net sales	96,749	97,758
Cost of sales	61,004	62,513
Gross profit	35,744	35,244
Selling, general and administrative expenses	29,258	29,420
Operating profit	6,485	5,824
Non-operating income		
Interest income	346	523
Dividend income	234	242
Share of profit of entities accounted for using equity method	47	28
Miscellaneous income	227	252
Total non-operating income	855	1,047
Non-operating expenses		
Interest expenses	63	62
Miscellaneous loss	71	81
Total non-operating expenses	134	143
Ordinary profit	7,207	6,727
Extraordinary income		
Gain on sales of non-current assets	7	0
Subsidy income	93	92
Other	–	19
Total extraordinary income	100	113
Extraordinary losses		
Loss on sales and retirement of non-current assets	14	118
Loss on disaster	32	–
Other	–	18
Total extraordinary losses	47	137
Profit before income taxes	7,260	6,704
Income taxes - current	1,557	1,376
Income taxes - deferred	476	453
Total income taxes	2,033	1,829
Profit	5,226	4,874
Profit attributable to non-controlling interests	119	112
Profit attributable to owners of parent	5,107	4,761

Quarterly consolidated statements of comprehensive income (Cumulative)

(Millions of yen)

	1Q FY2019 (from April 1, 2018 to June 30, 2018)	1Q FY2020 (from April 1, 2019 to June 30, 2019)
Profit	5,226	4,874
Other comprehensive income		
Valuation difference on available-for-sale securities	1,034	(1,171)
Deferred gains or losses on hedges	44	(18)
Foreign currency translation adjustment	3,551	(2,919)
Remeasurements of defined benefit plans, net of tax	48	20
Share of other comprehensive income of entities accounted for using equity method	(7)	5
Total other comprehensive income	4,671	(4,084)
Comprehensive income	9,897	790
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,827	684
Comprehensive income attributable to non- controlling interests	70	105

- (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, 2018 (from April 1, 2018 to June 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	7,865	18,976	29,021	17,946	5,267	4,582	83,660	13,088	96,749	–	96,749
Intersegment sales or transfers	229	–	–	–	–	269	499	22	522	(522)	–
Total	8,095	18,976	29,021	17,946	5,267	4,852	84,160	13,110	97,271	(522)	96,749
Segment profit (loss)	97	2,352	1,610	1,352	(121)	608	5,899	663	6,562	(76)	6,485

- 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 ¥76 million in segment profit or loss adjustments includes companywide expenses of negative ¥297 million which have not been allocated to each reportable segment, a ¥96 million adjustment to inventories, and other adjustments of ¥124 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
 Not applicable

II. 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 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
Not applicable