

Consolidated Financial Results for the Three Months Ended June 30, 2022 <under J-GAAP>

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 Listing: Prime Market of the Tokyo Stock Exchange
 Securities code: 2875
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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 FY2023 (from April 1, 2022 to June 30, 2022)

(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, 2022	103,127	23.3	10,727	27.7	11,330	25.9	8,649	34.3
Jun. 30, 2021	83,640	(2.3)	8,399	(19.1)	8,996	(18.7)	6,440	(23.3)

Note: Comprehensive income Three months ended June 30, 2022: 23,793 million yen [310.6%]
 Three months ended June 30, 2021: 5,795 million yen [(27.2)%]

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Three months ended Jun. 30, 2022	84.69	–	–	–
Jun. 30, 2021	63.06	–	–	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2022	472,550	385,752	79.0
As of Mar. 31, 2022	454,670	367,145	78.1

Reference: Equity
 As of June 30, 2022: 373,468 million yen
 As of March 31, 2022: 354,882 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
FY2022	–	40.00	–	50.00	90.00
FY2023	–	–	–	–	–
FY2023 (Forecast)	–	40.00	–	50.00	90.00

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

3. Consolidated Results Forecasts for FY2023 (from April 1, 2022 to March 31, 2023)

(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	194,000	13.8	16,000	8.1	16,700	6.3	11,300	3.0	110.65
Full year	405,000	12.0	36,500	22.7	38,000	19.4	27,000	20.5	264.37

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: Yes
 - 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, 2022	110,881,044 shares
As of March 31, 2022	110,881,044 shares

b. Number of treasury shares at end of period

As of June 30, 2022	8,753,353 shares
As of March 31, 2022	8,753,303 shares

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

Three months ended June 30, 2022	102,127,691 shares
Three months ended June 30, 2021	102,127,870 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, 2022” 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, 2022

(1) Explanation of the consolidated operating results

During the three months ended June 30, 2022, the conditions in the Japanese economy remained challenging due to the impact of the novel coronavirus disease (COVID-19). Looking ahead, although recovery is expected on the back of results from various economic measures amid the restoration of socioeconomic activities toward normalcy as all possible measures against infection are implemented, it is necessary to closely monitor the impact on Japanese and overseas economies caused by COVID-19 and the situation in Ukraine 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 ¥103,127 million (up 23.3% year on year), operating profit was ¥10,727 million (up 27.7% year on year), ordinary profit was ¥11,330 million (up 25.9% year on year), and profit attributable to owners of parent was ¥8,649 million (up 34.3% year on year) for the period under review.

The foreign exchange rate as of the end of the period was ¥136.64 to the U.S. dollar (¥110.61 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, with the trend away from voluntarily staying at home to prevent the spread of COVID-19, among other factors, the volume of sales of products for convenience stores increased. Sales in the foreshore operations in each region and sales of silver salmon products were also favorable. As a result, segment sales were ¥7,349 million (up 17.8% year on year), and segment profit was ¥118 million (down 10.7% year on year) mainly due to rising procurement costs from the impact of surging acquisition prices and high oil prices, as well as rising distribution costs.

In the Overseas Instant Noodles Segment, sales increased amid the continuing high demand compared to before the COVID-19 pandemic, as sales in the U.S. increased for the Ramen series, one of our signature products in bag-type noodles, while sales were also favorable for cup-type noodles such as the Yakisoba series and Bowl series, in addition to Instant Lunch series which is one of our signature products. In Mexico, sales increased due to favorable sales of both cup-type noodles, our signature products, and bag-type noodles. As a result, segment sales were ¥41,555 million (up 72.0% year on year). Segment profit was ¥6,386 million (up 119.3% year on year) mainly due to an increase in sales, despite an increase in raw material costs resulting from higher prices of the main raw materials.

In the Domestic Instant Noodles Segment, amid rising manufacturing costs for both cup-type noodles and bag-type noodles, to steadily supply safe, secure, high-quality products, we revised our prices in June and worked on shoring up demand after the price revision. In cup-type noodles, although we focused sales expansion efforts of our mainstay series *Akai Kitsune Udon* and *Midori no Tanuki Ten Soba*, overall cup-type noodle sales declined. Sales increased in bag-type noodles with the launch of our *Maruchan ZUBAAN!* series in April, as did sales for the instant noodles overall. As a result, segment sales were ¥21,655 million (up 2.5% year on year) and segment profit was ¥1,273 million (down 52.2% year on year) due to increases mainly in advertising expenses and motive utility costs.

In the Frozen and Refrigerated Foods Segment, with the trend away from voluntarily staying at home to prevent the spread of COVID-19, among other factors, sales of commercial products for restaurants and workplace cafeterias increased. Furthermore, amid rising manufacturing costs, to steadily supply safe, secure, high-quality products, we revised our prices for fresh noodles in April, and sales increased due to our efforts in expanding sales centered on our mainstay *Maruchan Yakisoba (Three-Meal Package)* series and our *Maruchan Cold Fresh Ramen Noodle (Three-Meal Package)* series. As a result, segment sales were ¥13,452 million (up 1.4% year on year) and segment profit was ¥1,847 million (up 0.2% year on year) mainly due to an increase in sales and effect of the price revision.

In the Processed Foods Segment, sales increased for freeze-dried products due to the expansion of customers, mainly for the *Sozai no Chikara* series, a freeze-dried soup product with five packs in one bag, and the increase of opportunities for eating at home, etc. Due to damage to our manufacturing facilities from the earthquake with epicenter off the coast of Fukushima prefecture in March, we paused sales for some of our cooked rice products, leading to decreased sales. As a result, segment sales were ¥4,394 million (down 0.6% year on year), and the segment reported a segment profit of ¥228 million (compared with a segment loss of ¥67 million in the

corresponding period of the previous fiscal year) mainly due to a decrease in personnel expenses, despite an increase in motive utility costs.

In the Cold-Storage Segment, as economic activities progressively normalized entering this fiscal year and the global logistics disruptions seen through last year gradually resolved, the volume of products handled by our cold warehouses increased. Furthermore, handling of work related to customs and home deliveries was strong. As a result, segment sales were ¥5,750 million (up 4.7% year on year), and segment profit was ¥689 million (down 0.8% year on year) due to an increase in motive utility costs from rising energy prices, despite an increase in sales and cost reductions from energy-saving measures, etc.

The Other Business Segment consists of mainly the packed lunch/deli food business. Segment sales were ¥8,968 million (up 0.4% year on year) while segment profit was ¥351 million (down 8.6% year on year).

(2) Explanation of the consolidated financial position

At the end of the first quarter of the fiscal year ending March 31, 2023, total assets increased by ¥17,879 million from the previous fiscal year-end to ¥472,550 million, and net assets increased by ¥18,607 million to ¥385,752 million. The main factors contributing to these results are as follows:

The main contributing factors for assets were increases in cash and deposits, and machinery, equipment and vehicles. The main contributing factors for liabilities were a decrease in accrued expenses, despite an increase in notes and accounts payable - trade. The main contributing factors for net assets were increases in retained earnings and foreign currency translation adjustment.

As a result of these factors, the equity ratio was 79.0%.

(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, 2023, as announced on May 13, 2022, 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 FY2022 (March 31, 2022)	As of end 1Q FY2023 (June 30, 2022)
Assets		
Current assets		
Cash and deposits	112,922	121,910
Notes and accounts receivable - trade, and contract assets	56,688	54,542
Securities	65,000	66,000
Merchandise and finished goods	16,467	18,107
Work in process	387	428
Raw materials and supplies	9,459	12,555
Other	3,091	3,442
Allowance for doubtful accounts	(611)	(615)
Total current assets	263,406	276,370
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	74,641	75,756
Machinery, equipment and vehicles, net	40,376	44,688
Land	34,994	35,373
Leased assets, net	1,869	1,821
Construction in progress	6,153	5,030
Other, net	1,160	1,148
Total property, plant and equipment	159,195	163,819
Intangible assets		
Other	1,311	1,762
Total intangible assets	1,311	1,762
Investments and other assets		
Investment securities	28,256	28,162
Deferred tax assets	1,517	1,228
Retirement benefit asset	38	35
Other	945	1,170
Total investments and other assets	30,758	30,597
Total non-current assets	191,264	196,179
Total assets	454,670	472,550

(Millions of yen)

	As of end FY2022 (March 31, 2022)	As of end 1Q FY2023 (June 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,452	31,124
Short-term borrowings	378	369
Lease liabilities	285	291
Accrued expenses	24,072	20,943
Income taxes payable	2,336	1,189
Provision for bonuses for directors (and other officers)	139	18
Provision for removal cost of property, plant and equipment	61	61
Asset retirement obligations	5	4
Other	3,306	3,600
Total current liabilities	59,038	57,603
Non-current liabilities		
Lease liabilities	3,286	3,234
Deferred tax liabilities	1,975	2,583
Provision for retirement benefits for directors (and other officers)	322	299
Retirement benefit liability	21,510	21,456
Asset retirement obligations	211	212
Other	1,181	1,409
Total non-current liabilities	28,487	29,195
Total liabilities	87,525	86,798
Net assets		
Shareholders' equity		
Share capital	18,969	18,969
Capital surplus	22,942	22,942
Retained earnings	302,223	305,766
Treasury shares	(8,234)	(8,234)
Total shareholders' equity	335,901	339,443
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,330	8,317
Deferred gains or losses on hedges	46	72
Foreign currency translation adjustment	13,329	28,276
Remeasurements of defined benefit plans	(2,724)	(2,642)
Total accumulated other comprehensive income	18,981	34,024
Non-controlling interests	12,262	12,284
Total net assets	367,145	385,752
Total liabilities and net assets	454,670	472,550

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

(Millions of yen)

	1Q FY2022 (from April 1, 2021 to June 30, 2021)	1Q FY2023 (from April 1, 2022 to June 30, 2022)
Net sales	83,640	103,127
Cost of sales	61,951	75,993
Gross profit	21,688	27,133
Selling, general and administrative expenses	13,288	16,406
Operating profit	8,399	10,727
Non-operating income		
Interest income	129	167
Dividend income	251	296
Share of profit of entities accounted for using equity method	43	33
Miscellaneous income	284	250
Total non-operating income	709	747
Non-operating expenses		
Interest expenses	59	56
Foreign exchange losses	20	51
Miscellaneous losses	33	35
Total non-operating expenses	113	144
Ordinary profit	8,996	11,330
Extraordinary income		
Gain on sale of non-current assets	0	0
Subsidy income	138	111
Other	24	1
Total extraordinary income	163	112
Extraordinary losses		
Loss on sale and retirement of non-current assets	26	143
Loss on disaster	–	57
Other	31	6
Total extraordinary losses	58	206
Profit before income taxes	9,101	11,236
Income taxes - current	1,505	1,760
Income taxes - deferred	992	698
Total income taxes	2,497	2,458
Profit	6,603	8,778
Profit attributable to non-controlling interests	163	128
Profit attributable to owners of parent	6,440	8,649

Quarterly consolidated statements of comprehensive income (Cumulative)

(Millions of yen)

	1Q FY2022 (from April 1, 2021 to June 30, 2021)	1Q FY2023 (from April 1, 2022 to June 30, 2022)
Profit	6,603	8,778
Other comprehensive income		
Valuation difference on available-for-sale securities	(827)	(83)
Deferred gains or losses on hedges	(5)	26
Foreign currency translation adjustment	(53)	14,947
Remeasurements of defined benefit plans, net of tax	92	86
Share of other comprehensive income of entities accounted for using equity method	(14)	39
Total other comprehensive income	(808)	15,015
Comprehensive income	5,795	23,793
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,672	23,692
Comprehensive income attributable to non-controlling interests	122	101

(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

(Changes in accounting policies)

(Application of U.S. GAAP ASU 2016-02 "Leases")

Foreign consolidated subsidiaries in the United States have adopted U.S. GAAP ASU 2016-02 "Leases" from the first quarter of the fiscal year ending March 31, 2023. As a result, in principle assets and liabilities will be recognized for all leases for lease transactions of the borrower.

In applying U.S. GAAP ASU 2016-02, these will be recognized as transitional measures, and we will adopt a method to recognize the cumulative effects from the application of these standards on the date that they begin to be applied.

With the application of this standard, investments and other assets increased by ¥251 million, current liabilities increased by ¥163 million and non-current liabilities increased by ¥87 million on quarterly consolidated balance sheets as of end of first quarter of the fiscal year under review. The impact of this change on profit or loss and segment information for the period under review was immaterial.

(Segment information)

I. Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

1. Information relating to net sales, profit and loss, and information on disaggregation of revenue 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											
Japan	6,059	–	21,135	13,260	4,421	5,490	50,366	8,862	59,229	–	59,229
The Americas	–	24,159	–	–	–	–	24,159	–	24,159	–	24,159
Other regions	179	–	–	–	–	–	179	71	250	–	250
Net sales (Note 4)	6,238	24,159	21,135	13,260	4,421	5,490	74,705	8,934	83,640	–	83,640
Net sales to outside customers	6,238	24,159	21,135	13,260	4,421	5,490	74,705	8,934	83,640	–	83,640
Intersegment sales or transfers	244	–	19	2	–	259	526	8	534	(534)	–
Total	6,483	24,159	21,155	13,262	4,421	5,749	75,231	8,942	84,174	(534)	83,640
Segment profit (loss)	132	2,912	2,665	1,843	(67)	694	8,180	384	8,564	(165)	8,399

- 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 ¥165 million in segment profit or loss adjustments includes companywide expenses of negative ¥286 million which have not been allocated to each reportable segment, a negative ¥16 million adjustment to inventories, and other adjustments of ¥137 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.
4. Net sales are revenue mainly recognized from contracts with customers, and the amount of revenue recognized from other sources is not significant.

2. Information relating to impairment losses on non-current assets or goodwill for each reportable segment
Not applicable

II. Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

1. Information relating to net sales, profit and loss, and information on disaggregation of revenue 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											
Japan	7,006	–	21,655	13,452	4,394	5,750	52,260	8,899	61,159	–	61,159
The Americas	–	41,555	–	–	–	–	41,555	–	41,555	–	41,555
Other regions	342	–	–	–	–	–	342	69	411	–	411
Net sales (Note 4)	7,349	41,555	21,655	13,452	4,394	5,750	94,158	8,968	103,127	–	103,127
Net sales to outside customers	7,349	41,555	21,655	13,452	4,394	5,750	94,158	8,968	103,127	–	103,127
Intersegment sales or transfers	174	–	15	1	–	258	449	8	458	(458)	–
Total	7,523	41,555	21,671	13,453	4,394	6,009	94,608	8,977	103,585	(458)	103,127
Segment profit	118	6,386	1,273	1,847	228	689	10,543	351	10,894	(167)	10,727

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 ¥167 million in segment profit adjustments includes companywide expenses of negative ¥313 million which have not been allocated to each reportable segment, a negative ¥66 million adjustment to inventories, and other adjustments of ¥212 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 is adjusted at the operating profit level on the quarterly consolidated financial statements.

4. Net sales are revenue mainly recognized from contracts with customers, and the amount of revenue recognized from other sources is not significant.

2. Information relating to impairment losses on non-current assets or goodwill for each reportable segment
Not applicable