

Consolidated Financial Results for the Nine Months Ended December 31, 2022 <under J-GAAP>

Company name: **Toyo Suisan Kaisha, Ltd.**
 Listing: Prime Market of the Tokyo Stock Exchange
 Securities code: 2875
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Scheduled date of filing of quarterly securities report: February 13, 2023
 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 FY2023 (from April 1, 2022 to December 31, 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	%
Nine months ended								
Dec. 31, 2022	325,313	21.3	31,885	28.5	33,957	28.7	25,368	38.2
Dec. 31, 2021	268,097	4.6	24,822	(14.6)	26,386	(14.1)	18,353	(19.1)

Note: Comprehensive income
 Nine months ended December 31, 2022: 37,335 million yen [63.5%]
 Nine months ended December 31, 2021: 22,834 million yen [21.6%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended				
Dec. 31, 2022	248.40		–	
Dec. 31, 2021	179.71		–	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2022	491,616	395,137	77.8
As of Mar. 31, 2022	454,670	367,145	78.1

Reference: Equity

As of December 31, 2022: 382,674 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				
FY2022	–	40.00	–	50.00	90.00
FY2023	–	40.00	–	–	–
FY2023 (Forecast)	–	–	–	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
Full year	443,000	22.5	41,000	37.9	44,000	38.2	31,000	38.3	303.54

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: 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 December 31, 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 December 31, 2022	8,753,599 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)

Nine months ended December 31, 2022	102,127,576 shares
Nine months ended December 31, 2021	102,127,840 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 Nine Months Ended December 31, 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.

Index of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Results for the Nine Months Ended December 31, 2022	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) Notes to quarterly consolidated financial statements	8
(Notes on going concern assumptions)	8
(Notes in the event of substantial changes in shareholders' equity).....	8
(Changes in accounting policies).....	8
(Segment information)	9

1. Qualitative Information on Quarterly Consolidated Financial Results for the Nine Months Ended December 31, 2022

(1) Explanation of the consolidated operating results

During the nine months ended December 31, 2022, the conditions in the Japanese economy remained challenging due to the impact of the novel coronavirus disease (COVID-19). Looking ahead, although the economy is expected to pick up, in part due to the effect of various policies in living with COVID-19, it is necessary to closely monitor the impact of rising prices, limitations on supply, 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 ¥325,313 million (up 21.3% year on year), operating profit was ¥31,885 million (up 28.5% year on year), ordinary profit was ¥33,957 million (up 28.7% year on year), and profit attributable to owners of parent was ¥25,368 million (up 38.2% year on year) for the period under review.

The foreign exchange rate used for the period was ¥132.71 to the U.S. dollar (¥115.01 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, sales volume increased mainly in products for convenience stores due to progress toward the normalization of economic activities from the impact of the spread of COVID-19. Sales of surimi paste, silver salmon products, and other products were also strong. As a result, segment sales were ¥21,627 million (up 14.3% year on year), and the segment reported segment profit of ¥149 million (down 49.1% year on year) due to the soaring purchase price of fish eggs resulting from increased global demand and poor catches in overseas fishing waters, as well as soaring raw material prices of tuna due to decreased volume of catches caused by soaring fuel oil prices and other factors.

In the Overseas Instant Noodles Segment, although we revised our prices due to rising manufacturing costs, etc., sales increased mainly due to the continuing high demand for instant noodles resulting from more people cutting down on their spending as a consequence of the inflation rate remaining at a high level, and due to the fact that 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 and Bowl series, in addition to Instant Lunch series, which is also one of our signature products. Sales increased due to favorable sales of both cup-type noodles, our signature products, and bag-type noodles in Mexico as well. As a result, segment sales were ¥128,911 million (up 62.0% year on year), and the segment reported a segment profit of ¥18,010 million (up 130.2% year on year) mainly due to an increase in sales volume and an increase in sales from the effect of the price revision despite rising manufacturing costs mainly resulting from an increase in raw material costs caused by surging prices of the main raw materials and an increase in personnel expenses.

In the Domestic Instant Noodles Segment, although sales struggled in the summer due to the heat wave after the June price revision, they began to recover as the revised prices became more widespread into the fall and winter demand season. Under such circumstances, sales increased in cup-type noodles as the *Menzukuri* series, which marked its 30th anniversary, was refreshed and mainstay products such as *Akai Kitsune Udon* and *Midori no Tanuki Ten Soba* were refreshed for the fall and winter demand season, and sales promotions were strengthened. Sales increased for bag-type noodles as our new *Maruchan ZUBAAN!* series launched in April continued to have favorable sales. As a result, segment sales were ¥74,640 million (up 2.3% year on year) and segment profit was ¥6,549 million (down 30.2% year on year) mainly due to increases in advertising expenses and motive utility costs.

In the Frozen and Refrigerated Foods Segment, amid rising manufacturing costs, to steadily supply safe, secure, high-quality products, we revised our prices for fresh noodles and for frozen noodles, etc. in April. Under such circumstances, in fresh noodles, we made to expand sales of our mainstay *Maruchan Yakisoba (Three-Meal Package)* series, our *Maruchan Cold Fresh Ramen Noodle (Three-Meal Package)* series, and our *Maruchan Tama Udon Noodle (Three-Meal Package)* series. In frozen noodles, sales of products for commercial use increased due to a recovery in the restaurant and workplace cafeterias market. As a result, segment sales were ¥39,926 million (up 2.8% year on year) and the segment reported a segment profit of ¥4,207 million (down 16.8% year on year) due to the impact of increases mainly in raw material costs and motive utility costs.

In the Processed Foods Segment, sales of aseptically packaged cooked rice and retort packaged cooked rice both increased favorably, as demand for cooked rice products remained high due to the impact of the spread of COVID-19. Similarly freeze-dried products remained in high demand, and sales were strong mainly for our mainstay product *Sozai no Chikara* series, resulting in sales increasing. As a result, segment sales were ¥15,214 million (up 5.6% year on year), and the segment reported a segment profit of ¥414 million (up 380.2% year on year) mainly due to the impact of an increase in sales and a decrease in depreciation, despite an increase in motive utility costs.

In the Cold-Storage Segment, progress in the normalization of economic activities from the impact of the spread of COVID-19 led to an increase in the volume of stored inventory and delivered goods handled, mainly commercial products. In addition, sales increased as a result of progress in price revisions of cold warehouse fees. As a result, segment sales were ¥17,586 million (up 3.7% year on year), and the segment reported segment profit of ¥1,762 million (down 10.1% year on year) due to an increase in motive utility costs, personnel costs for warehouse operations, and repair costs.

The Other Business Segment consists of mainly the packed lunch/deli food business. Segment sales were ¥27,405 million (up 3.8% year on year) while segment profit was ¥949 million (down 0.2% year on year).

(2) Explanation of the consolidated financial position

At the end of the third quarter of the fiscal year ending March 31, 2023, total assets increased by ¥36,945 million from the previous fiscal year-end to ¥491,616 million, and net assets increased by ¥27,992 million to ¥395,137 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, and contract assets, despite a decrease in securities. The main contributing factor for liabilities was 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 77.8%.

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

The Company has not changed its consolidated results forecasts for the full term of the fiscal year ending March 31, 2023, as announced on October 31, 2022, because it is difficult to reasonably calculate the impact on the consolidated results forecasts at this time due to uncertainties in raw material prices, distribution costs, motive utility costs, and other cost increases, as well as the impact of exchange rate conversions. 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 3Q FY2023 (December 31, 2022)
Assets		
Current assets		
Cash and deposits	112,922	117,790
Notes and accounts receivable - trade, and contract assets	56,688	73,890
Securities	65,000	59,000
Merchandise and finished goods	16,467	21,195
Work in process	387	391
Raw materials and supplies	9,459	14,075
Other	3,091	4,544
Allowance for doubtful accounts	(611)	(625)
Total current assets	263,406	290,263
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	74,641	74,082
Machinery, equipment and vehicles, net	40,376	44,888
Land	34,994	35,269
Leased assets, net	1,869	1,701
Construction in progress	6,153	3,758
Other, net	1,160	1,150
Total property, plant and equipment	159,195	160,851
Intangible assets		
Other	1,311	2,265
Total intangible assets	1,311	2,265
Investments and other assets		
Investment securities	28,256	28,835
Long-term time deposits	–	7,000
Deferred tax assets	1,517	1,188
Retirement benefit asset	38	32
Other	945	1,179
Total investments and other assets	30,758	38,235
Total non-current assets	191,264	201,352
Total assets	454,670	491,616

(Millions of yen)

	As of end FY2022 (March 31, 2022)	As of end 3Q FY2023 (December 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,452	36,817
Short-term borrowings	378	386
Lease liabilities	285	294
Accrued expenses	24,072	26,667
Income taxes payable	2,336	1,370
Provision for bonuses for directors (and other officers)	139	36
Provision for removal cost of property, plant and equipment	61	–
Asset retirement obligations	5	4
Other	3,306	2,196
Total current liabilities	59,038	67,775
Non-current liabilities		
Lease liabilities	3,286	3,139
Deferred tax liabilities	1,975	2,397
Provision for retirement benefits for directors (and other officers)	322	312
Retirement benefit liability	21,510	21,173
Asset retirement obligations	211	212
Other	1,181	1,468
Total non-current liabilities	28,487	28,703
Total liabilities	87,525	96,479
Net assets		
Shareholders' equity		
Share capital	18,969	18,969
Capital surplus	22,942	22,941
Retained earnings	302,223	318,398
Treasury shares	(8,234)	(8,235)
Total shareholders' equity	335,901	352,074
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,330	8,650
Deferred gains or losses on hedges	46	(83)
Foreign currency translation adjustment	13,329	24,510
Remeasurements of defined benefit plans	(2,724)	(2,477)
Total accumulated other comprehensive income	18,981	30,600
Non-controlling interests	12,262	12,463
Total net assets	367,145	395,137
Total liabilities and net assets	454,670	491,616

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

(Millions of yen)

	3Q FY2022 (from April 1, 2021 to December 31, 2021)	3Q FY2023 (from April 1, 2022 to December 31, 2022)
Net sales	268,097	325,313
Cost of sales	198,919	243,299
Gross profit	69,178	82,013
Selling, general and administrative expenses	44,355	50,127
Operating profit	24,822	31,885
Non-operating income		
Interest income	282	1,181
Dividend income	487	547
Share of profit of entities accounted for using equity method	119	86
Miscellaneous income	952	776
Total non-operating income	1,843	2,592
Non-operating expenses		
Interest expenses	174	167
Foreign exchange losses	–	230
Miscellaneous losses	104	122
Total non-operating expenses	279	521
Ordinary profit	26,386	33,957
Extraordinary income		
Gain on sale of non-current assets	1	1
Subsidy income	138	111
Other	60	13
Total extraordinary income	200	126
Extraordinary losses		
Loss on sale and retirement of non-current assets	130	189
Impairment losses	24	3
Provision for removal cost of property, plant and equipment	95	–
Loss on disaster	–	71
Other	37	7
Total extraordinary losses	286	273
Profit before income taxes	26,300	33,810
Income taxes - current	6,651	7,753
Income taxes - deferred	822	377
Total income taxes	7,473	8,130
Profit	18,826	25,680
Profit attributable to non-controlling interests	473	312
Profit attributable to owners of parent	18,353	25,368

Quarterly consolidated statements of comprehensive income (Cumulative)

(Millions of yen)

	3Q FY2022 (from April 1, 2021 to December 31, 2021)	3Q FY2023 (from April 1, 2022 to December 31, 2022)
Profit	18,826	25,680
Other comprehensive income		
Valuation difference on available-for-sale securities	(565)	305
Deferred gains or losses on hedges	9	(129)
Foreign currency translation adjustment	4,281	11,180
Remeasurements of defined benefit plans, net of tax	278	260
Share of other comprehensive income of entities accounted for using equity method	3	37
Total other comprehensive income	4,007	11,655
Comprehensive income	22,834	37,335
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,355	36,986
Comprehensive income attributable to non-controlling interests	479	348

(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 ¥289 million, current liabilities increased by ¥151 million and non-current liabilities increased by ¥136 million on quarterly consolidated balance sheets as of end of third 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. Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	18,554	–	72,980	38,854	14,401	16,955	161,747	26,190	187,937	–	187,937
The Americas	25	79,587	–	–	–	–	79,612	–	79,612	–	79,612
Other regions	344	–	–	–	–	–	344	202	547	–	547
Net sales (Note 4)	18,924	79,587	72,980	38,854	14,401	16,955	241,705	26,392	268,097	–	268,097
Net sales to outside customers	18,924	79,587	72,980	38,854	14,401	16,955	241,705	26,392	268,097	–	268,097
Intersegment sales or transfers	613	–	39	9	–	713	1,376	16	1,393	(1,393)	–
Total	19,538	79,587	73,020	38,863	14,401	17,669	243,081	26,409	269,491	(1,393)	268,097
Segment profit	294	7,823	9,380	5,057	86	1,960	24,603	951	25,555	(732)	24,822

- 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 ¥732 million in segment profit adjustments includes companywide expenses of negative ¥954 million which have not been allocated to each reportable segment, a negative ¥65 million adjustment to inventories, and other adjustments of ¥286 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

II. Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	21,146	–	74,640	39,926	15,214	17,586	168,514	27,212	195,727	–	195,727
The Americas	7	128,911	–	–	–	–	128,918	–	128,918	–	128,918
Other regions	473	–	–	–	–	–	473	193	667	–	667
Net sales (Note 4)	21,627	128,911	74,640	39,926	15,214	17,586	297,907	27,405	325,313	–	325,313
Net sales to outside customers	21,627	128,911	74,640	39,926	15,214	17,586	297,907	27,405	325,313	–	325,313
Intersegment sales or transfers	915	–	49	7	–	768	1,741	20	1,761	(1,761)	–
Total	22,542	128,911	74,689	39,933	15,214	18,355	299,648	27,426	327,074	(1,761)	325,313
Segment profit	149	18,010	6,549	4,207	414	1,762	31,094	949	32,044	(158)	31,885

- 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 ¥158 million in segment profit adjustments includes companywide expenses of negative ¥932 million which have not been allocated to each reportable segment, a negative ¥113 million adjustment to inventories, and other adjustments of ¥887 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