

(Translation of report filed with the Tokyo Stock Exchange by Chuo Kagaku Co., Ltd on November 10, 2020)

Notice Regarding Q2 Earnings Forecasts and Results, and Revision of full-year Earnings Forecasts of Chuo Kagaku Co., Ltd.

Chuo Kagaku Co., Ltd, (Chuo) has announced that its actual second-quarter (Q2) earnings for the fiscal year ending March 2021 (FY2020) differed from its forecast of August 12, 2020. The company has also revised its FY2020 full-year consolidated and non-consolidated earnings forecasts.

1. Forecasts

(1) Difference Between Consolidated FY2020 Q2 Earnings Forecast and Results (April 1, 2020 to September 30, 2020)

	Net Sales (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous Forecast (A)	24,600	600	400	300	14.89
Result (B)	23,853	1,158	1,105	964	47.87
Difference (B-A)	- 746	558	705	664	—
Difference (%)	- 3.0%	93.2%	176.5%	221.5%	—
Previous Year*	24,743	607	309	241	11.98

* April 1, 2019 to September 30, 2019

(2) Revised Full-year Consolidated Earnings Forecast for FY2020 (April 1, 2020 to March 31, 2021)

	Net Sales (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous Forecast (A)	48,400	1,300	1,000	800	39.70
Revised Forecast (B)	47,600	1,800	1,700	1,400	69.48
Difference (B-A)	- 800	500	700	600	—
Difference (%)	- 1.7%	38.5%	70.0%	75.0%	—
Previous Year*	48,034	1,107	751	479	23.78

* April 1, 2019 to March 31, 2020

(3) Difference Between Non-Consolidated FY2020 Q2 Earnings Forecast and Results (April 1, 2020 to September 30, 2020)

	Net Sales (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous Forecast (A)	21,000	200	100	4.96
Result (B)	20,658	603	538	26.75
Difference (B-A)	- 341	403	438	—
Difference (%)	- 1.6%	201.9%	439.0%	—
Previous Year*	21,842	257	196	9.74

* April 1, 2019 to September 30, 2019

(4) Revised Full-Year Non-Consolidated Earnings Forecast for FY2020 (April 1, 2020 to March 31, 2021)

	Net Sales (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous Forecast (A)	41,700	700	500	24.82
Revised Forecast (B)	41,400	1,100	900	44.67
Difference (B- A)	- 300	400	400	—
Difference (%)	- 0.7%	57.1%	80.0%	—
Previous Year*	42,203	354	95	4.76

*April 1, 2019 to March 31, 2020

2. Details

(1) Difference Between Half-Year Earnings Results and Forecasts

Lifestyle changes in Japan necessitated by the COVID-19 led to more people working away from their offices, studying online rather than in classrooms, and otherwise remaining at home. Despite those changes resulting in a surge in demand for takeout, delivery and other products and services catering to in-home eating, there was a significant drop in demand for those catering to events, outside dining, tourism and inbound. As a result, Chuo's second-quarter net sales fell short of its forecast. Conversely, falling raw-materials prices, efforts to increase operational efficiency, and other factors resulted in Chuo outperforming its forecasts for both ordinary and net income.

Despite general business restrictions in China, Chuo was able to maintain stability in its Chinese operations. As in Japan, growing demand for products and services catering to the COVID-19-driven, stay-at-home lifestyle changes, coupled with falling raw-materials prices and other positive forces helped to strengthen Chuo's performance. Although sales were below the company's forecast for China, all income categories exceeded it.

(2) Full-year Earnings Forecasts

Although Chuo anticipates continued uncertainty in its operating environment due to the COVID-19 and outlooks for both the Japanese and world economies, it expects its second-half performance to remain in line with its recently announced figures and has revised its earnings forecasts accordingly.

Remarks

The above forecasts were prepared based on information available at the time of this announcement. Actual results may differ from the forecasts due to a variety of factors.