

Consolidated Financial Results For 1Q of the Year Ending March, 2021

August, 2020



1. Consolidated Statement of Income

(Billions of Yen)

	June, 2020	June, 2019	Change
Net Sales	202.1	221.9	(19.8)
Cost of Sales	173.0	191.7	(18.7)
Gross profit	29.1	30.2	(1.1)
Expense	24.7	25.4	(0.7)
Operating Income	4.3	4.8	(0.5)
Non-operating Revenues	1.6	1.8	(0.2)
Non-operating Expenses	1.3	0.9	0.4
Ordinary Income	4.6	5.6	(1.0)
Extraordinary Income	0.0	0.4	(0.4)
Extraordinary Loss	0.6	0.0	0.6
Income before Tax	4.0	6.0	(2.1)
Taxes	1.0	1.8	(0.9)
Profit attributable to non-controlling interests	0.4	0.5	(0.1)
Profit attributable to owners of parent	2.6	3.7	(1.1)

Sept 2020 Forecast	Result/Forecast
385.0	52%
5.5	78%
6.5	71%
3.0	87%

The forecast for Sept/2020 shown above is the initial forecast which was revised on Aug/3 (see p.11-13 for details).

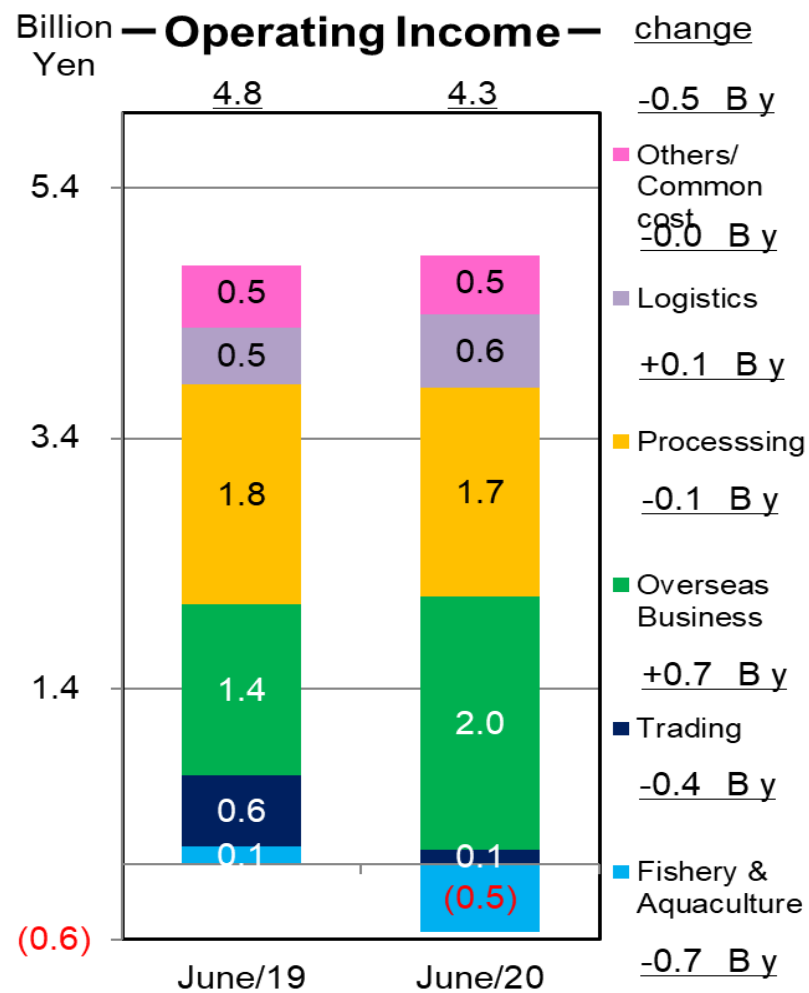
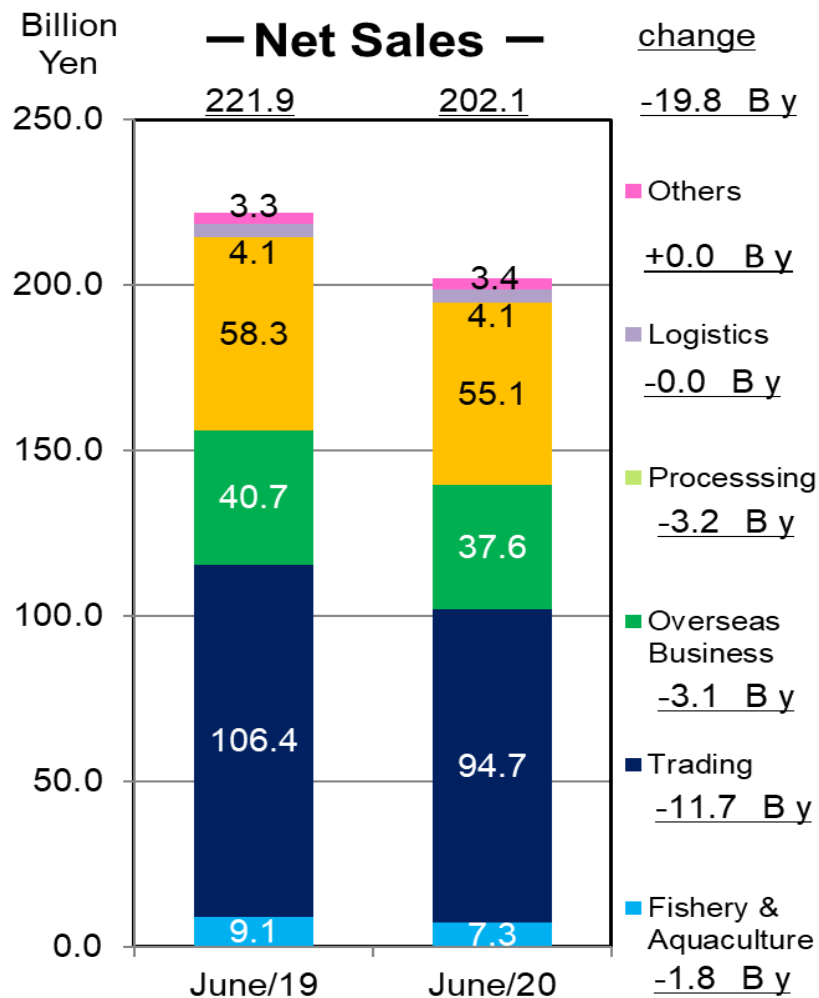
Net sales decreased by 8.9% year on year. Operating income decreased by 10.4% to JPY 4.3 billion and ordinary income decreased by 17.9% to JPY 4.6 billion respectively. Profit attributable to owners of parent was JPY 2.6 billion, which has reached 87% of JPY 3.0 billion of the forecast for September 2020 (2Q of FY2021). Non-operating expenses increased by JPY4.0 billion due to foreign exchange loss, and extraordinary income decreased by JPY 4.0 billion yen due to nonrecurrence of insurance income recorded last year. Extraordinary loss increased by JPY 6.0 billion due to liquidation of fixed assets and loss on valuation of invest securities.

2. Progress on Results to Initial 1H Projection

(Billions in Yen)

Segment	Unit	Net Sales			Operating Income		
		June/20	Half-year projection	1Q/1H	June/20	Half-year projection	1Q/1H
Fishery & Aquaculture	Fishery & Aquaculture	7.3	16.5	44%	-0.5	-0.9	—
Trading	Marine Products Trading	33.2	57.5	58%	0.4	0.5	80%
	Marine Products Wholesaling	45.2	82.8	55%	-0.6	-1.1	—
	Meat & Products Trading	16.3	25.6	64%	0.3	0.2	150%
Trading Segment Sub Total		94.7	165.9	57%	0.1	-0.5	224%
Overseas Business	Asia & Oceania Business	13.4	24.9	54%	2.1	2.4	88%
	North America & Europe Operations	24.1	46.4	52%	-0.1	0.2	-50%
Overseas Business Segment Sub Total		37.6	71.3	53%	2.0	2.6	77%
Processing	Consumer Frozen Foods Business	15.9	31.5	50%	0.4	1.0	40%
	Consumer Processed Foods Business	9.7	19.3	50%	1.0	1.6	63%
	Institutional Foods Business	25.4	56.0	45%	-0.1	-0.4	—
	Foods & Fine Chemicals	4.1	8.4	49%	0.4	0.8	50%
Processing Segment Sub Total		55.1	115.2	48%	1.7	3.0	57%
Logistics	Logistics	4.1	8.5	48%	0.6	1.0	60%
Others		3.4	7.6	45%	0.2	0.4	50%
Common Cost		0.0	0.0	-	0.2	-0.2	—
Total		202.1	385.0	52%	4.3	5.5	78%

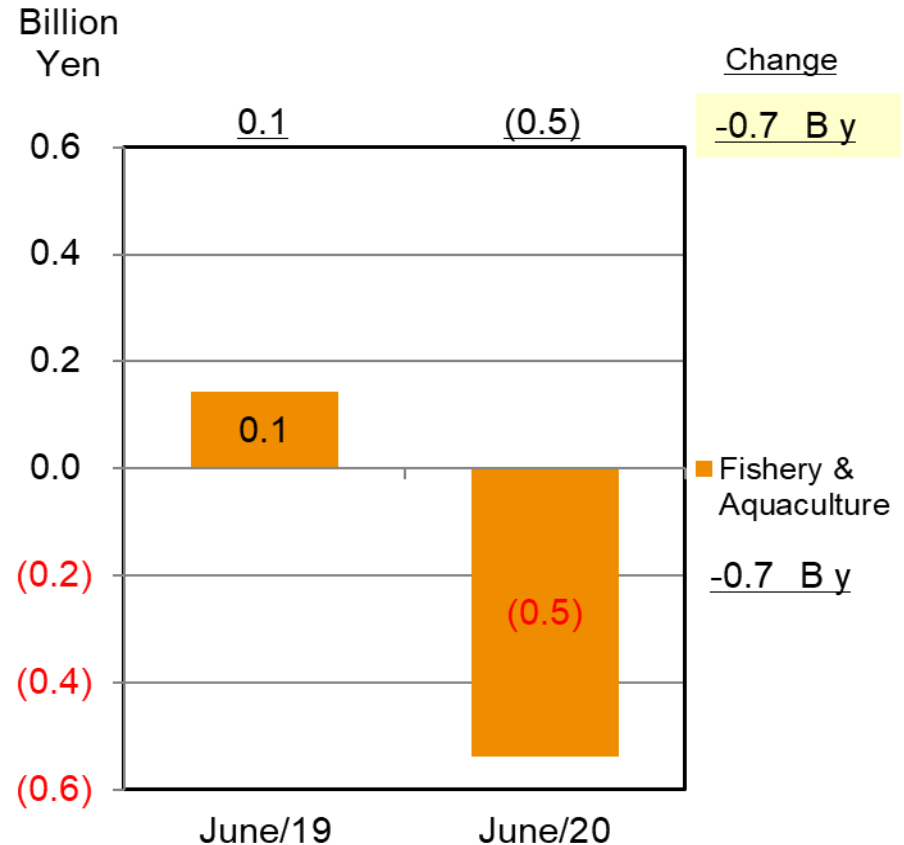
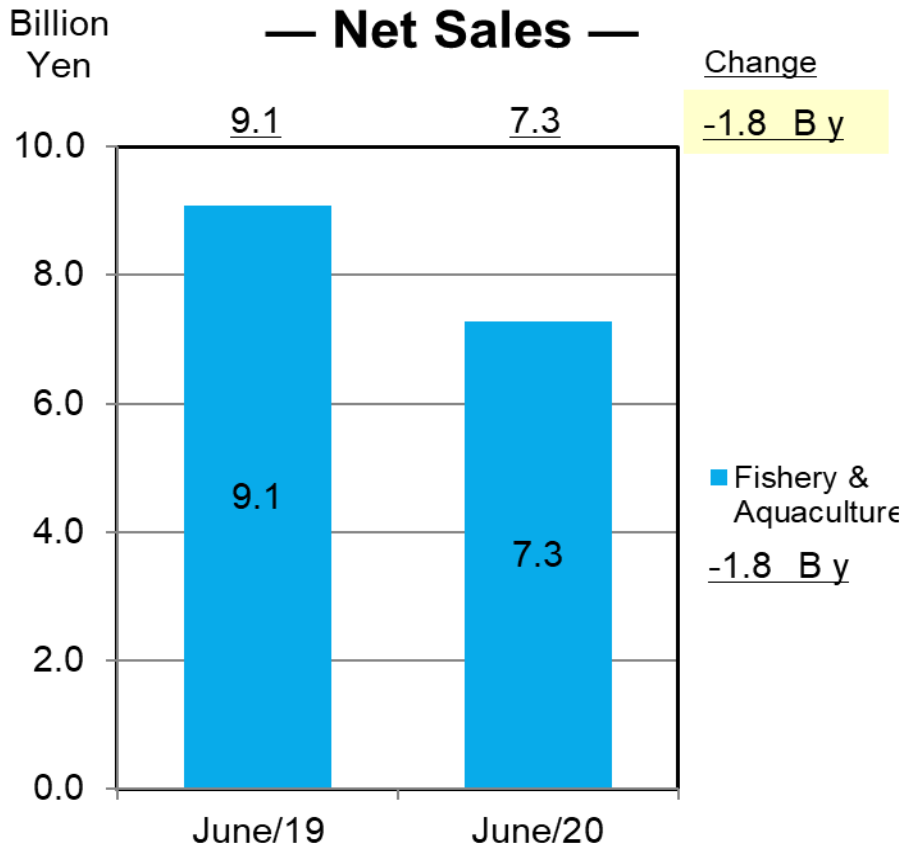
3. Net Sales / Operating Income by Business Segments



4-1. Fishery & Aquaculture Segment

■ Business Overview

Both net sales and operating income decreased due to the drop in skipjack catch and decrease in sales and low prices of farmed yellowtail and amberjack as a result of COVID-19.



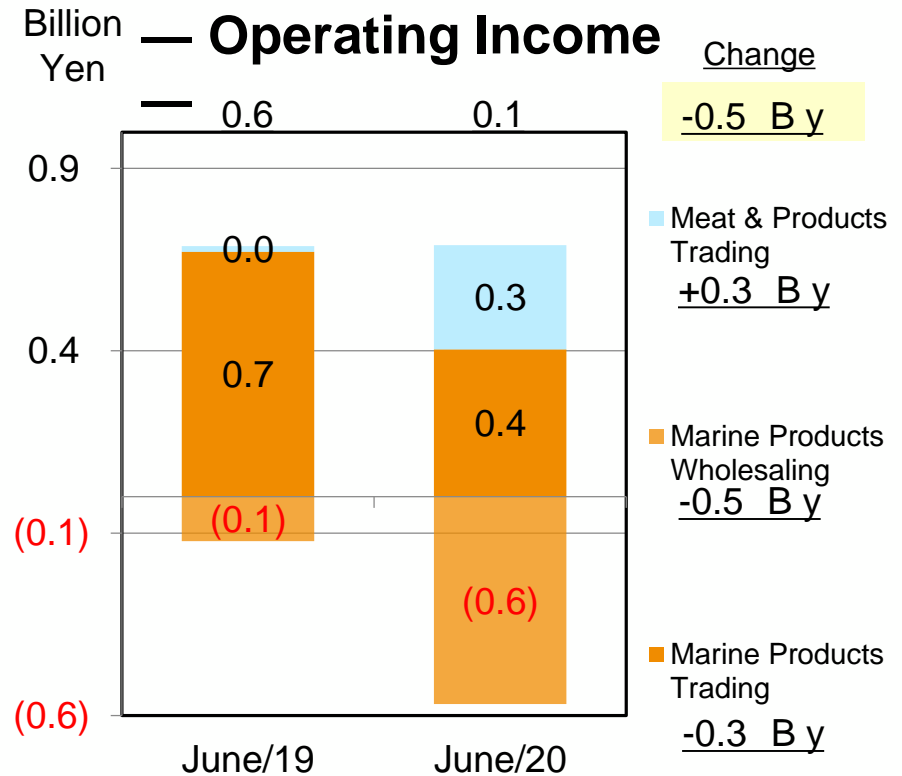
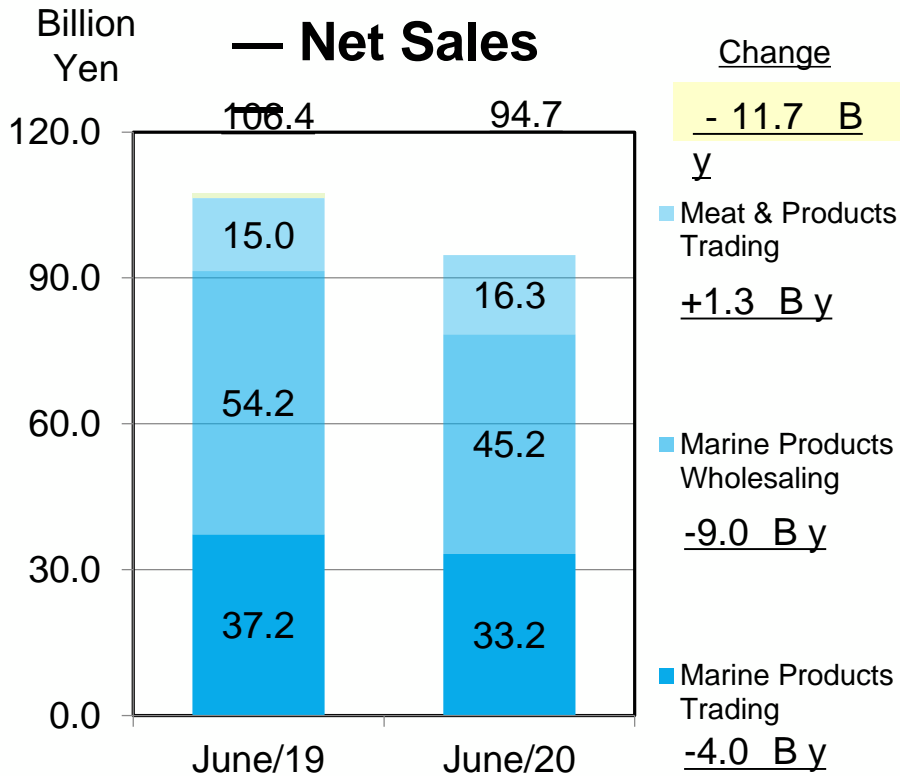
4-2. Trading Segment

Business Overview:

<Marine Products Trading> Net sales and operating income decreased due to sluggish sales in food service and institutional food business as a result of COVID-19.

<Marine Products Wholesaling> Net sales and operating income decreased as sales of fresh and live fish dropped due to stagnant sales of luxury items for food service and institutional food businesses as a result of COVID-19.

<Meat & Products Trading> Both net sales and operating income increased due to high sales of all items handled, especially North American pork.

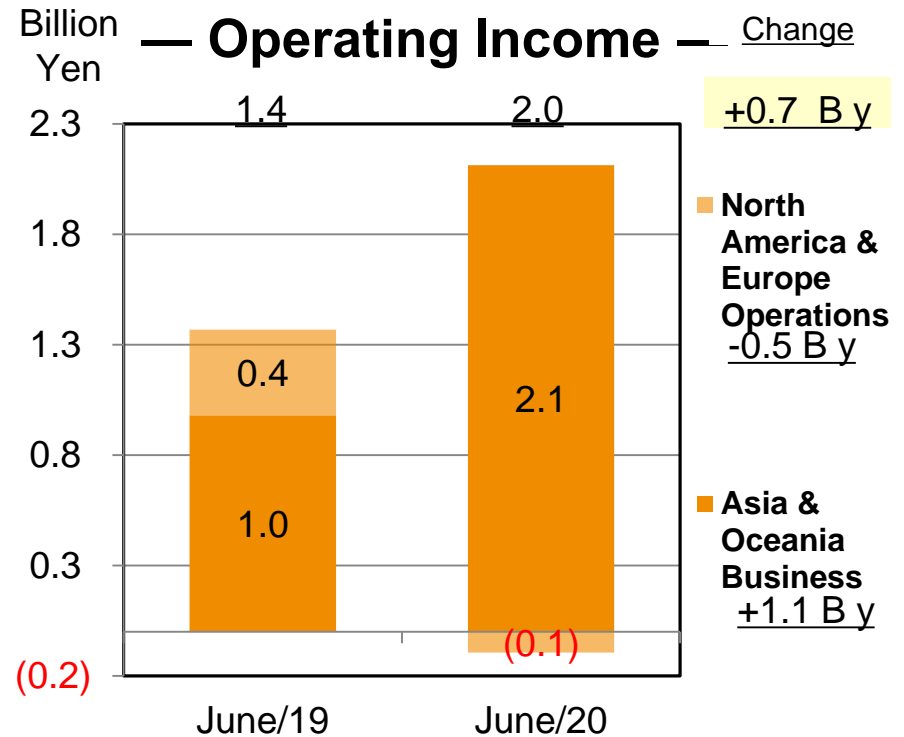
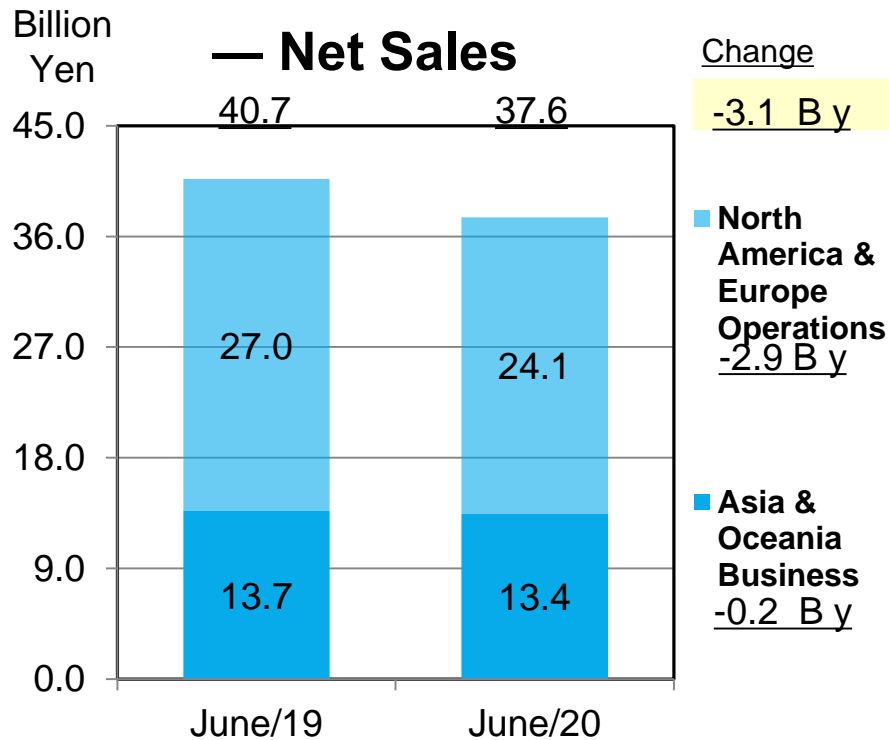


4-3. Overseas Business Segment

■ Business Overview:

<Asia & Oceania Business> Net sales were slightly down due to foreign currency exchange, but operating income increased significantly due to the strong performance of the pet food operation in Thailand and the high catch rates and cost reductions made in NZL.

<North America & Europe Operations> Net sales and operating income decreased due to a drop in surimi prices, delays in sales to Japan, and delays in production and sales of Alaskan snow crab.



4-4. Processed Foods Segment

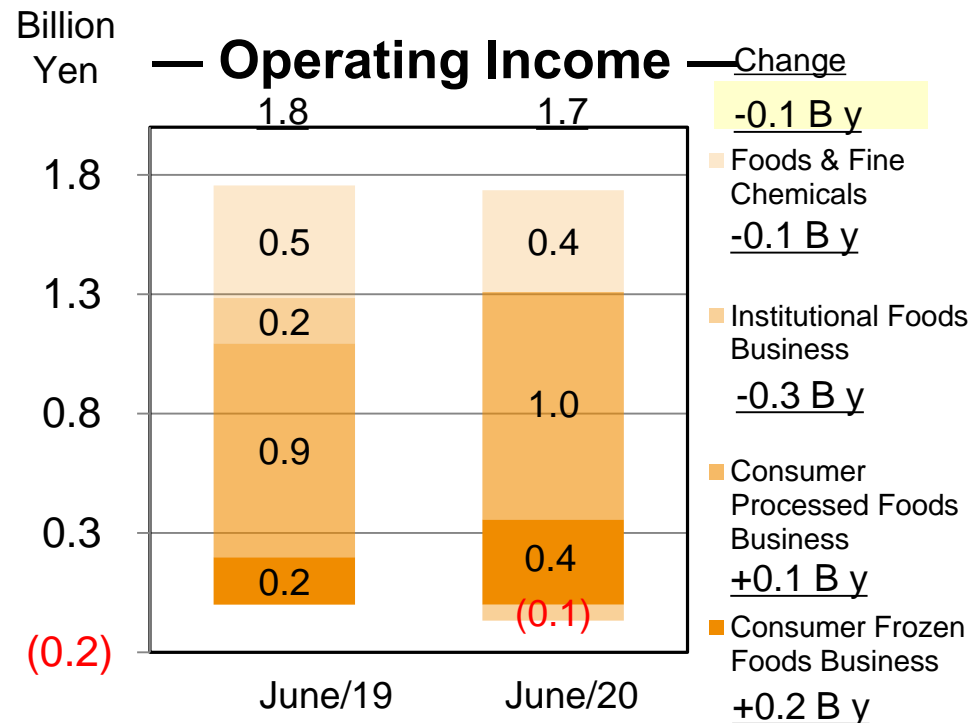
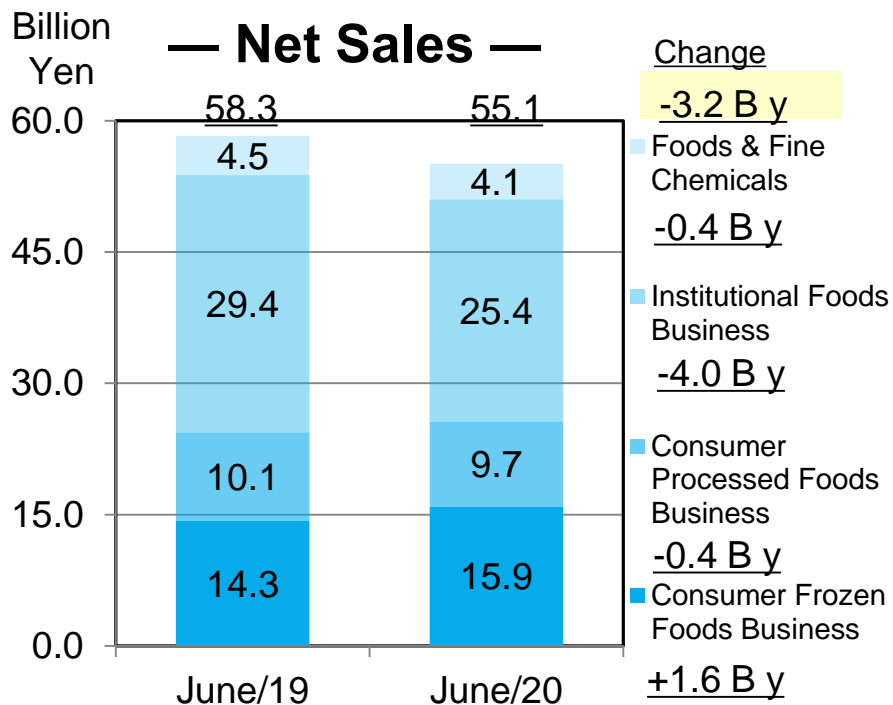
■ Business Overview :

<Consumer Frozen Foods Business> Net sales and operating income increased due to strong sales of mainstay products (rice, noodles, pizza , etc.) driven by growing at-home consumption. .

<Consumer Processed Foods Business> Net sales decreased due to a slump in sales of canned pelagic fish, gifts and desserts. However, operating income increased from focusing on improving profitability from canned foods and fish sausage sales.

<Institutional Foods Business> Despite the solid sales of nursing care food and prepared foods for home delivery (co-op), net sales and operating income decreased due to low demands in the food service business and school lunches caused by COVID-19.

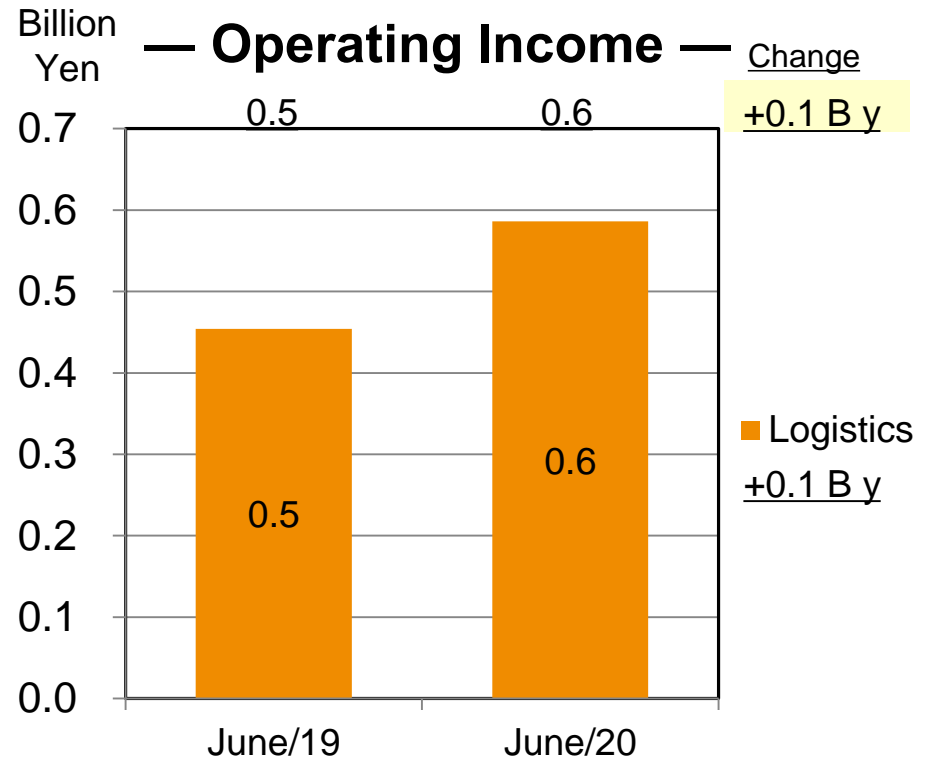
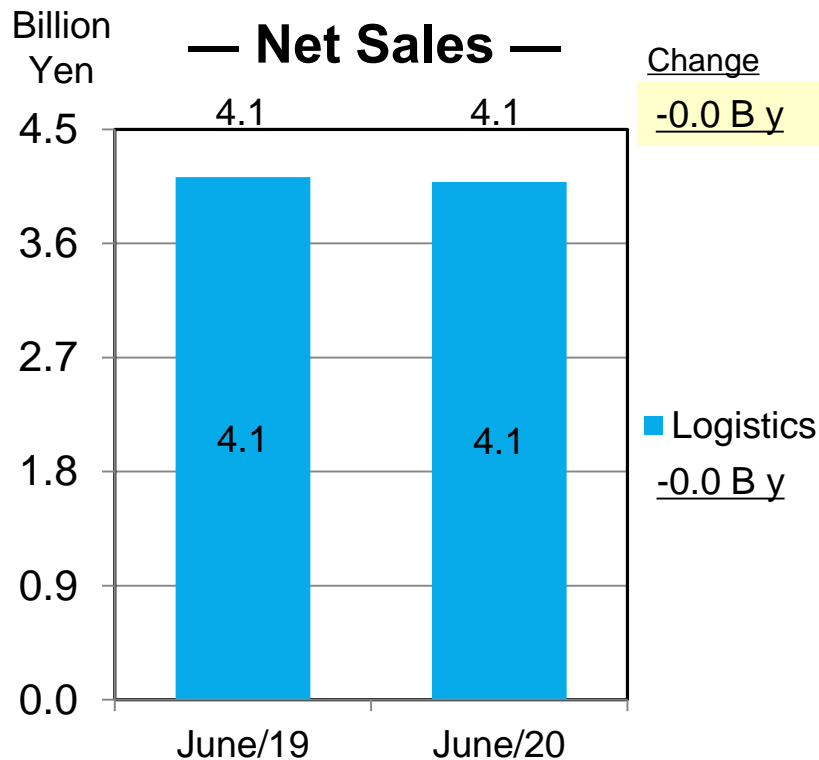
<Foods & Fine Chemicals> Net sales and operating income decreased due to suspended operations of factories in China during the COVID-19 pandemic.



4-5. Logistics Segment

■ Business Overview:

Although there was a decline in net sales of the transportation and delivery operation as cargo movement slowed down because of COVID-19, as a whole, net sales for the logistics segment remained unchanged due to a continuing strong demand in the metropolitan areas. Despite the increase in depreciation costs associated with refrigeration equipment replacement work done, operating income increased due to reduced power, labor and outsourcing costs.



5. Consolidated Balance Sheet

(Billion Yen)

	June'20	Mar '20	Change		June'20	Mar '20	Change
Current assets	313.5	302.0	11.5	Current liabilities	213.1	199.5	13.5
Cash & deposit	20.8	21.8	(1.0)	Trade notes & accounts payable	35.8	32.8	3.0
Trade notes & accounts receivable	106.7	106.1	0.6	Short-term loans payable	130.3	122.5	7.8
Inventories	174.9	164.3	10.6	Other current liabilities	47.0	44.2	2.8
Short-term loans receivable	0.6	0.7	(0.1)	Long-term liabilities	176.2	169.6	6.6
Allowance for doubtful receivables	(0.4)	(0.4)	0.0	Long-term loans payable	145.6	139.2	6.4
Other current assets	10.9	9.6	1.3	Other fixed liabilities	30.6	30.4	0.2
				Total liabilities	389.2	369.1	20.1
Fixed assets	230.5	226.1	4.5	Shareholders' equity	135.2	132.7	2.5
Tangible fixed assets	151.6	148.2	3.4	Common stock	20.0	20.0	0.0
Intangible fixed assets	17.9	19.0	(1.1)	Capital surplus	115.3	112.8	2.5
(goodwill)	6.6	6.9	(0.3)	Treasury stock	(0.1)	(0.1)	(0.0)
Investments & other fixed assets	61.1	58.8	2.2	Other cumulative comprehensive income	(0.8)	(0.1)	(0.7)
				Foreign currency translation adjustment	(4.0)	(1.5)	(2.4)
				Non-controlling interests	20.4	26.4	(5.9)
				Total shareholders' equity	154.8	159.0	(4.1)
T o t a l	544.1	528.1	16.0	T o t a l	544.1	528.1	16.0

Inventories increased JPY 10.6 billion due to seasonal factors. Tangible fixed assets increased JPY 3.4 billion due to capital investments in our Group companies (Yayoi Sun Foods and Maruha Nichiro Logistics). Intangible fixed assets decreased by JPY1.1 billion due to amortization of goodwill and exchange rate valuation. Investments & other fixed assets increased JPY 2.2 billion mainly due to the valuation difference of investment securities. Increase of liabilities by JPY 20.1 billion were mainly due to increase in interest-bearing debt and trade notes & accounts payable with seasonal capital needs. The interest-bearing debt decreased by JPY 2.7 billion from June, 2019.

6. Revision of Consolidated Financial Forecast Comparison of Initial and Revised Forecasts

(Billion Yen)

	2Q (Cumulative)		
	Revised forecast	Initial forecast	Change
Net Sales	422.0	385.0	37.0
Operating Income	8.3	5.5	2.8
Ordinary Income	8.5	6.5	2.0
Profit Attributable to Owners of Parent	4.1	3.0	1.1

7. Revision of Consolidated Financial Forecast

		(Billions in Yen)					
Segment	Unit	2Q (Cumulative)					
		Revised forecast		Initial forecast		Change	
		Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Fishery & Aquaculture	Fishery & Aquaculture	15.1	-1.4	16.5	-0.9	-1.3	-0.5
Trading	Marine Products Trading	70.7	0.8	57.5	0.5	13.3	0.3
	Marine Products Wholesaling	97.7	-0.8	82.8	-1.1	15.0	0.4
	Meat & Products Trading	31.8	0.4	25.6	0.2	6.2	0.2
Trading Segment Sub Total		200.3	0.4	165.9	-0.5	34.4	0.9
Overseas Business	Asia & Oceania Business	26.0	3.9	24.9	2.4	1.2	1.5
	North America & Europe Operations	51.6	0.3	46.4	0.2	5.2	0.1
Overseas Business Segment Sub Total		77.7	4.2	71.3	2.6	6.4	1.6
Processing	Consumer Frozen Foods Business	31.6	0.9	31.5	1.0	0.2	-0.1
	Consumer Processed Foods Business	19.0	1.4	19.3	1.6	-0.3	-0.1
	Institutional Foods Business	55.1	0.1	56.0	-0.4	-0.9	0.5
	Foods & Fine Chemicals	8.5	0.9	8.4	0.8	0.1	0.1
Processing Segment Sub Total		114.2	3.3	115.2	3.0	-0.9	0.3
Logistics	Logistics	8.3	1.1	8.5	1.0	-0.2	0.1
Others		6.3	0.5	7.7	0.4	-1.4	0.0
Common Cost		0.0	0.2	0.0	-0.2	0.0	0.4
Total		422.0	8.3	385.0	5.5	37.0	2.8

8. Revision of Forecast: Explanation

Figures: JPY in billions

Segment	Unit	Explanation
Fishery & Aquaculture	Fishery & Aquaculture Sales -1.3, OP +0.5	Sales to food services and institutional food businesses amid COVID-19 outbreak has been weaker than expected. A decline in net sales and operating income are expected with weak sales price of farmed fish due to hefty domestic stock.
Trading	Marine Products Trading Sales +13.3, OP +0.3	Overall market situation has been better than expected. Sales to home delivery, GMS and SM were strong due to high demand in nursing care foods and increase in at-home consumption.
	Marine Products Wholesaling Sales +15.0, OP +0.4	Despite slow sales in the institutional food businesses, after the state of emergency had been lifted for Japan by the government, demands of products, other than pricey items, have been slowly recovering. Expanding sales to GMS, SM and specialty stores is needed to alleviate the drop in sales.
	Meat & Products Trading Sales +6.2, OP +0.2	Although pork supply in North America is expected to decline, we expect an increase in net sales and operating income due to increasing demands of GMS and SM for domestic chicken, imported chilled pork and inquiries for raw materials from processors.
Overseas Business	Asia & Oceania Business Sales +1.2, OP +1.5	Sales increased in the pet food operations in Thailand due to consumers stockpiling shelf-stable canned and pouch products. With weak THB rates and low raw material costs, net sales and operating income are expected to increase significantly. Further, sales and income are expected to grow, with favorable Australian Patagonian toothfish catch.
	North America & Europe Operations Sales +5.2, OP +0.1	The decrease in the handling volume of Canadian snow crab is complemented by an increase in sales of middle-grade surimi. As for sales overseas, despite slow sales for food service in Europe, canned salmon and crab sticks in the United States remained higher than expected.
Processing	Consumer Frozen Foods Business Sales +0.2, OP -0.1	Performing in line, along with expected expand in at-home consumption.
	Consumer Processed Foods Business Sales -0.3, OP -0.1	Strong at-home consumption demands are tapering off. Stagnant sales of desserts are expected due to factors such as weather.
	Institutional Foods Business Sales -0.9, OP +0.5	After the state of emergency had been lifted for Japan, sales for food service and school lunches are gradually recovering, and predicted to meet the expected sales goals. Additionally, profits are expected to increase due to cost reductions and increased plant utilizations.
	Foods & Fine Chemicals Sales +0.1, OP +0.1	Although shipments of chondroitin have fallen due to drop of inbound demand, shipments of DHA, EPA, etc. are expected to be favorable. In addition, due to increase of at-home consumption, there have been an increase in shipments of freeze-dried foods, and operating income is expected to increase.
Logistics	Logistics Sales -0.2, OP +0.1	Sales of the transportation and delivery operation are expected to drop due to sluggish cargo movement, but operating income is expected to increase due to a decrease in power, labor and outsourcing costs.

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Thank You



MARUHA NICHIRO

For the ocean, for life

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