

May 10, 2021
Mitsubishi Corporation

Subsidiary Chuo Kagaku Co., Ltd. Notices Regarding Revision of Full-Year Earnings Forecasts:
Recording of Deferred Tax Assets and Extraordinary Loss

Mitsubishi Corporation today announced that consolidated subsidiary Chuo Kagaku Co., Ltd. (Chuo) has announced the revisions to its full-year Earnings Forecasts for the fiscal year ending March 2021 (FY2020). Chuo has also announced that it anticipates the booking of deferred tax assets and extraordinary losses.

(Translation of report filed with the Tokyo Stock Exchange by Chuo Kagaku Co., Ltd on May 10, 2021)

Notice Regarding Revision of Full-Year Earnings Forecasts;
Recording of Deferred Tax Assets and Extraordinary Loss

Chuo Kagaku Co., Ltd, (Chuo) has announced the following revisions to its full-year Earnings Forecasts for the fiscal year ending March 2021 (FY2020). Chuo has also announced that it anticipates the booking of deferred tax assets and extraordinary losses.

1. Forecasts

(1) 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)	47,600	1,800	1,700	1,400	69.48
Revised Forecast (B)	47,936	2,359	2,385	2,170	107.72
Difference (B-A)	336	559	685	770	—
Difference (%)	0.7	31.1	40.3	55.0	—
Previous Year*	48,034	1,107	751	479	23.78

* April 1, 2019 to March 31, 2020

(2) 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)	41,400	1,100	900	44.67
Revised Forecast (B)	40,854	1,472	1,434	71.18
Difference (B-A)	- 546	372	534	—
Difference (%)	- 1.3	33.8	59.3	—
Previous Year*	42,203	354	95	4.76

* April 1, 2019 to March 31, 2020

2. Reasons for Revision

As the spread of COVID-19 infections becomes more serious around the world, Chuo has made every effort to ensure a stable supply of products through hygiene-and-safety management and the implementation of infection prevention measures. Chuo has also been promoting its approach to growth markets and shoring up its general-purpose container business. In Japan, demand in the event, restaurant, travel and other traditional consumer industries continues to decline, however that for ready-to-eat and home-cooked meals has remained strong due to new work styles and changes in consumer behavior triggered by COVID-19. Takeout and the use of food delivery services have steadily become part of the new normal.

Cognizant of growing global awareness of environmental concerns, Chuo is also developing and launching a variety of eco-friendly materials and products. Falling crude oil prices have kept raw materials prices down, and with the pandemic necessitating work-style reforms, Chuo has managed to leverage those changes to improve its operational efficiency. The company is forecasting increases in both its ordinary and non-consolidated operating income.

Having examined the possibility of recovering some of the fixed-asset losses at its plants sometime in the future, Chuo anticipates booking a loss of 245 million in accordance with Accounting Standard for Impairment of Fixed Assets. On the other hand, after having also thoroughly examined the possibility of recovering deferred-tax assets based on future full year forecast, Chuo expects to book those assets at the end of March 2021 and gain 472 million yen (in profit) through corporate-tax and other year-end adjustments. Chuo projects that this will both contribute to an increase in its ordinary income and bring its non-consolidated net income in above its initial forecast.

In China, economic activity has returned to normal thanks to a relatively swift recovery from the COVID-19 pandemic. Changes in lifestyles, supply of products more cognizant of elevated environmental awareness, and progress made in optimizing production at Chuo's three Chinese plants have resulted in a healthy uptick in performance. As a result, both consolidated ordinary income and net income are expected to exceed initial forecasts.

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.