

Kikkoman Corporation

*Business Performance Presentation
for the Six-Month Period Ended September 30, 2020*

November 5, 2020

Today's Agenda

- **Performance Overview**

Noriaki Horikiri
President and CEO

- **Performance in the Six Months Ended
September 30, 2020 and Forecast for
Fiscal 2021**

Takao Kamiyama
Executive Corporate Officer and CFO

Performance Overview

Noriaki Horikiri
President and CEO

Performance in the Six Months Ended September 30, 2020

■ Market environment

- Due largely to the spread of COVID-19, coupled with restrictions and self-restraint on outings, overseas travel and restaurant businesses in many countries;
 - Deterioration of the restaurant industry. ⇒ Demand for foodservice-use products declined.
 - Increased opportunities of eating at home. ⇒ Demand for home-use products increased.
- Demand for foodservice-use products was on a recovery trend since June due to movements toward the resumption of economic activities in Japan and overseas. However, the pace of recovery was moderate partly because of the resurgence of the infection in many countries.

■ Kikkoman's performance

(Unit: billion yen)

	1 st half actual	YoY change (%)	YoY change (amount)
Net Sales	227.5	98.2%	(4.1)
Operating Profit	21.3	101.3%	+0.3
Ordinary Profit	21.1	98.0%	(0.4)
Profit Attributable to Owners of Parent	14.6	95.6%	(0.7)

- Sales and profits decreased in Japan. Sales increased in the overseas soy sauce business and decreased in the overseas wholesale business. Profits increased overseas. Profits increased on a consolidated basis overall.
- Sales of home-use products increased in both Japan and overseas thanks to a rise in demand. North America and Europe performed strongly.
- Sales of foodservice-use products decreased in both Japan and overseas due to a decline in demand. Sales were on a recovery trend in June and thereafter.

Forecast for Fiscal 2021

■ Outlook of the market environment

- The impact of COVID-19 is expected to persist and the world economy is likely to remain sluggish.
- While demand in foodservice-use sector such as the restaurant industry will slowly recover as COVID-19 preventive measures and economic activities are carried out simultaneously.
- Elevated demand for home-use products will gradually ease.

■ Forecast for fiscal 2021

The forecast assumes that no large-scale restrictions on economic activities, such as those imposed at the beginning of the fiscal year, will take place over the coming months.

(Unit: billion yen)

	Full-year forecasts	YoY change (%)	YoY change (amount)
Net Sales	463.8	99.0%	(4.8)
Operating Profit	39.5	99.2%	(0.3)
Ordinary Profit	39.1	100.1%	—
Profit Attributable to Owners of Parent	26.6	100.0%	—

Forecast for Fiscal 2021

■ Dividend forecast for fiscal 2021

- Annual dividend forecast: ¥42 per share (consolidated payout ratio: 30%)
- Dividend policy: continue to focus on stable dividend payment, targeting the consolidated payout ratio of 30% above.

■ Future initiatives

- Continue to increase profitability and maintain growth.
- See changes in consumer behavior and the structure of demand as new business opportunities, and respond to new consumers and customer needs created by lifestyle changes.
- Review operations and improve productivity on a company-wide basis including facilitating workstyle reforms.

Performance in the Six Months Ended September 30, 2020 and Forecast for Fiscal 2021

Takao Kamiyama

Executive Corporate Officer and CFO

Today's Agenda

**(1) Performance in the Six Months
Ended September 30, 2020**

(2) Forecast for Fiscal 2021

1-1. Performance in the Six Months

Consolidated P/L Results (Compared with Previous Year)

1st half actual

(Unit: billion yen)

	Fiscal 2021	Fiscal 2020	Change increase / (decrease)	%	Breakdown of change		
					Translation difference	Actual difference	%
Net Sales	227.5	231.6	(4.1)	98.2	(2.8)	(1.3)	99.5
Japan	93.8	95.9	(2.1)	97.8		(2.1)	97.8
Overseas	135.9	137.5	(1.6)	98.8	(2.8)	1.2	100.9
Operating Profit	21.3	21.0	0.3	101.3	(0.4)	0.7	103.1
Japan	6.7	7.5	(0.8)	88.9		(0.8)	88.9
Overseas	15.2	14.1	1.1	107.9	(0.4)	1.5	110.5
Kikkoman (Holding Company)	4.0	3.6	0.4	111.0		0.4	111.0
Eliminations	(4.6)	(4.2)	(0.4)			(0.4)	
Ordinary Profit	21.1	21.6	(0.4)	98.0	(0.4)		99.8
Profit before Income Taxes	20.8	21.5	(0.8)	96.4	(0.4)	(0.4)	98.1
Profit Attributable to Owners of Parent	14.6	15.3	(0.7)	95.6	(0.3)	(0.4)	97.5

Exchange Rate (¥/US\$)	106.7	109.0	(2.3)
(¥/EUR)	121.4	121.4	(0.1)

1-2. Performance in the Six Months

Net Sales and Operating Profit in Japan (Compared with Previous Year)

1st half actual

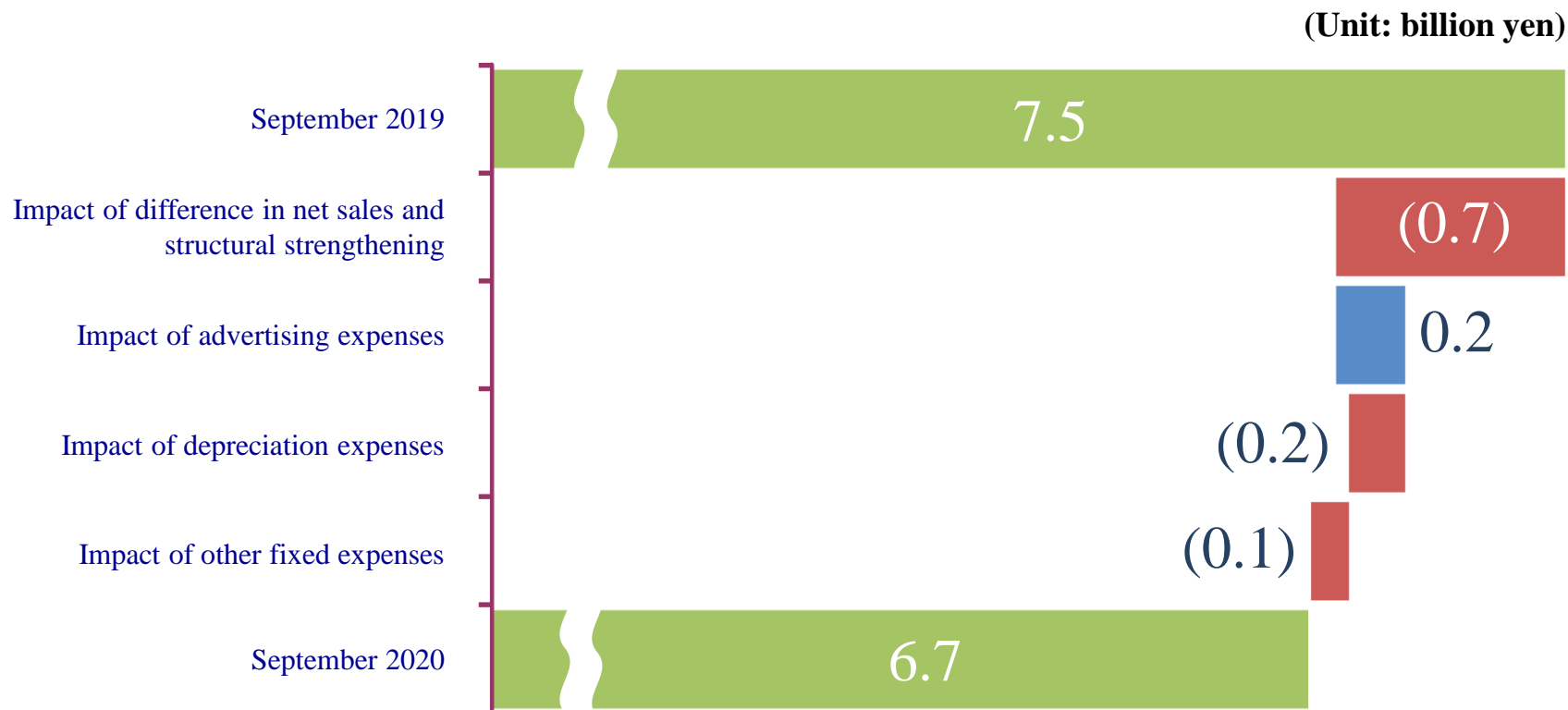
(Unit: billion yen)

		Fiscal 2021	Fiscal 2020	Change	
				increase / (decrease)	%
Net Sales					
Japan	Soy Sauce	23.7	24.7	(1.0)	95.9
	Food Products	30.9	31.6	(0.7)	97.9
	Beverages	30.8	30.3	0.4	101.5
	Liquor and wine	4.2	5.1	(0.9)	82.0
	Eliminations	(0.1)	(0.1)		
	Foods—Manufacturing and Sales	89.5	91.6	(2.1)	97.7
	Others	10.5	10.6	(0.2)	98.5
	Eliminations	(6.1)	(6.4)	0.2	
Total		93.8	95.9	(2.1)	97.8

		Fiscal 2021	Fiscal 2020	Change	
				increase / (decrease)	%
Operating Profit					
Japan	Foods—Manufacturing and Sales	5.8	6.6	(0.7)	88.6
	Others	0.8	0.9	(0.1)	90.8
	Total	6.7	7.5	(0.8)	88.9

1-3. Major Factors for Changes in Operating Profit in Japan

Japan ¥(0.8) billion



1-4. Performance in the Six Months

Net Sales Overseas (Compared with Previous Year)

1st half actual

(Unit: billion yen)

Net Sales			Fiscal 2021	Fiscal 2020	Change increase / (decrease)	%	Breakdown of change		
							Translation difference	Actual difference	%
Overseas	North America	Soy Sauce	26.0	24.9	1.0	104.1	(0.6)	1.6	106.4
		Other Foods	6.0	6.0		100.0	(0.1)	0.1	102.2
		Foods—Manufacturing and Sales	32.0	31.0	1.0	103.3	(0.7)	1.7	105.6
		Foods—Wholesale	69.8	75.1	(5.3)	92.9	(1.6)	(3.7)	95.1
		Total	97.7	101.7	(4.0)	96.0	(2.2)	(1.8)	98.2
	Europe	Foods—Manufacturing and Sales	7.7	6.2	1.5	124.1		1.5	124.2
		Foods—Wholesale	9.0	10.3	(1.2)	87.9	(0.1)	(1.1)	88.9
		Total	15.5	15.3	0.2	101.4	(0.1)	0.3	102.0
	Asia & Oceania	Soy Sauce	6.8	7.2	(0.3)	95.1	(0.2)	(0.2)	97.9
		Del Monte	2.9	2.7	0.2	105.5	(0.1)	0.2	108.7
		Foods—Manufacturing and Sales	9.7	9.9	(0.2)	98.0	(0.3)	0.1	100.9
		Foods—Wholesale	9.7	9.4	0.4	103.8	(0.3)	0.6	106.6
		Total	19.4	19.2	0.2	101.0	(0.5)	0.7	103.9
	Others		20.5	20.0	0.5	102.6		0.5	102.6
	Eliminations		(17.0)	(18.5)	1.5			1.4	
	Total		135.9	137.5	(1.6)	98.8	(2.8)	1.2	100.9
		US\$	106.7	109.0	(2.3)				
	EUR	121.4	121.4	(0.1)					

1-5. Performance in the Six Months

Operating Profit Overseas (Compared with Previous Year)

1st half actual

(Unit: billion yen)

Operating Profit			Fiscal 2021	Fiscal 2020	Change increase / (decrease)	%	Breakdown of change			
							Translation difference	Actual difference	%	
Overseas	North America	Foods—Manufacturing and Sales	6.6	6.4	0.2	103.1	(0.1)	0.3	105.3	
		Foods—Wholesale	3.4	3.3	0.2	104.8	(0.1)	0.2	107.3	
		Total	9.9	9.6	0.4	103.9	(0.2)	0.6	106.3	
	Europe	Foods—Manufacturing and Sales	2.6	1.9	0.7	138.2		0.7	138.9	
		Foods—Wholesale	0.2	0.4	(0.1)	64.0		(0.1)	67.4	
		Total	2.9	2.2	0.6	127.3		0.6	128.8	
	Asia & Oceania	Foods—Manufacturing and Sales	1.2	1.2		102.7		0.1	106.8	
		Foods—Wholesale	0.2	0.1	0.1	146.7		0.1	150.0	
		Total	1.4	1.3	0.1	107.1	(0.1)	0.2	111.4	
	Others		1.0	1.0		96.7			96.7	
	Total			15.2	14.1	1.1	107.9	(0.4)	1.5	110.5
	US\$			106.7	109.0	(2.3)				
	EUR			121.4	121.4	(0.1)				

1-6. Major Factors for Changes in Operating Profit Overseas

Overseas +¥1.1 billion

(Unit: billion yen)



1-7. Change in Consolidated Balance Sheets

(Unit: billion yen)

a. Total Asset = 391.4	(Compared with 2020.3)	+4.1
b. Translation Difference		(1.0)
Actual Difference (a. - b.)		+5.1

Assets	+5.1
Current assets	+6.1
Cash and deposits	+10.2
Notes and accounts receivable	(2.7)
Inventories	(1.2)
Other	(0.2)
Non-current assets	(1.0)
Property, plant and equipment	(2.3)
[Tangible lease assets	(0.7)]
Intangible assets	(0.4)
[Goodwill	(0.3)]
Investments and other assets	+1.7
[Investment securities	+1.0]
[Net defined benefit asset	+1.0]

Liabilities and net assets	+5.1
Liabilities	(5.6)
Interest bearing debt	(2.0)
Notes and accounts payable-trade/ Accounts payable-other	(4.2)
Income taxes payable	+0.4
Net defined benefit liability	(1.2)
Deferred tax liabilities	+0.4
Lease obligations	(0.4)
Other	+1.3
Net assets	+10.7
Retained earnings	+10.8
Valuation difference on available-for-sale securities	+0.5
Foreign currency translation adjustments	(1.8)
Non-controlling interests	(0.1)
Other	+1.3

1-8. Consolidated Cash Flows

Net CF (a + b + c + d) = +9.9

(Unit: billion yen)

a. Cash Flows from Operating Activities	+27.0
Profit before income taxes	+20.8
Depreciation and amortization	+8.7
Decrease (increase) in notes and accounts receivable-trade	+2.8
Decrease (increase) in inventories	+1.7
Increase (decrease) in notes and accounts payable-trade	(1.1)
Income taxes paid	(6.2)
Other	+0.3

b. Cash Flows from Investing Activities	(9.3)
2' Purchase of property, plant, equipment and intangible assets	(9.3)
2' Proceeds from sales of property, plant and equipment	+0.1
Purchase of investment securities	(0.8)
Decrease (increase) in operating loans receivable	(0.2)
Proceeds from sales of investment securities	+0.9
Other	+0.0

a.+2' Free Cash Flows +17.8

b.-2' Cash Flows from Investing Activities (Excluding Purchase of Property, Plant and Equipment) (0.0)

c. Cash Flows from Financing Activities	(7.6)
Increase (decrease) in short-term loans payable	(2.0)
Cash dividends paid	(4.2)
Repayments of lease obligations	(1.4)
Purchase of treasury stock	(0.0)
Other	(0.0)

d. Effect of Exchange Rate	(0.2)

2-1. Forecast for Fiscal 2021

Assumptions Made for Full-Year Forecasts

- **Exchange rate forecast: Second half ¥104.0/US\$, ¥124.0/EUR**

- **Impact of raw materials, etc.:**
 - Second half same level as the previous fiscal year**

- **Impact of COVID-19:**
 - The forecasts assume that the severe restrictions on economic activities seen earlier in the fiscal year will not be imposed again.**

- **The impact of the U.S. presidential election (corporate tax rates, etc.) is not factored in.**

2-2. Forecast for the Second Half of Fiscal 2021 Consolidated P/L Results (Compared with Previous Year)

2nd half forecast

(Unit: billion yen)

	Forecast	Fiscal 2020	Change increase / (decrease)	%	Breakdown of change		
					Translation difference	Actual difference	%
Net Sales	236.3	237.0	(0.7)	99.7	(4.9)	4.2	101.8
Japan	92.4	92.3	0.1	100.1		0.1	100.1
Overseas	145.8	146.6	(0.8)	99.5	(4.9)	4.1	102.8
Operating Profit	18.2	18.8	(0.6)	96.9	(0.4)	(0.1)	99.2
Japan	5.6	5.8	(0.2)	95.7		(0.2)	95.7
Overseas	13.9	14.1	(0.3)	98.1	(0.4)	0.1	101.0
Kikkoman (Holding Company)	3.3	3.2	0.2	105.0		0.2	105.0
Eliminations	(4.5)	(4.3)	(0.2)			(0.2)	
Ordinary Profit	18.0	17.5	0.4	102.6	(0.4)	0.8	104.8
Profit before Income Taxes	17.1	16.4	0.8	104.6	(0.4)	1.1	107.0
Profit Attributable to Owners of Parent	12.0	11.3	0.7	106.0	(0.3)	1.0	108.6
Exchange Rate (¥/US\$)	104.0	109.2	(5.2)				
(¥/EUR)	124.0	120.8	3.2				

2-3. Forecast for the Second Half of Fiscal 2021

Net Sales and Operating Profit in Japan (Compared with Previous Year)

2nd half forecast

(Unit: billion yen)

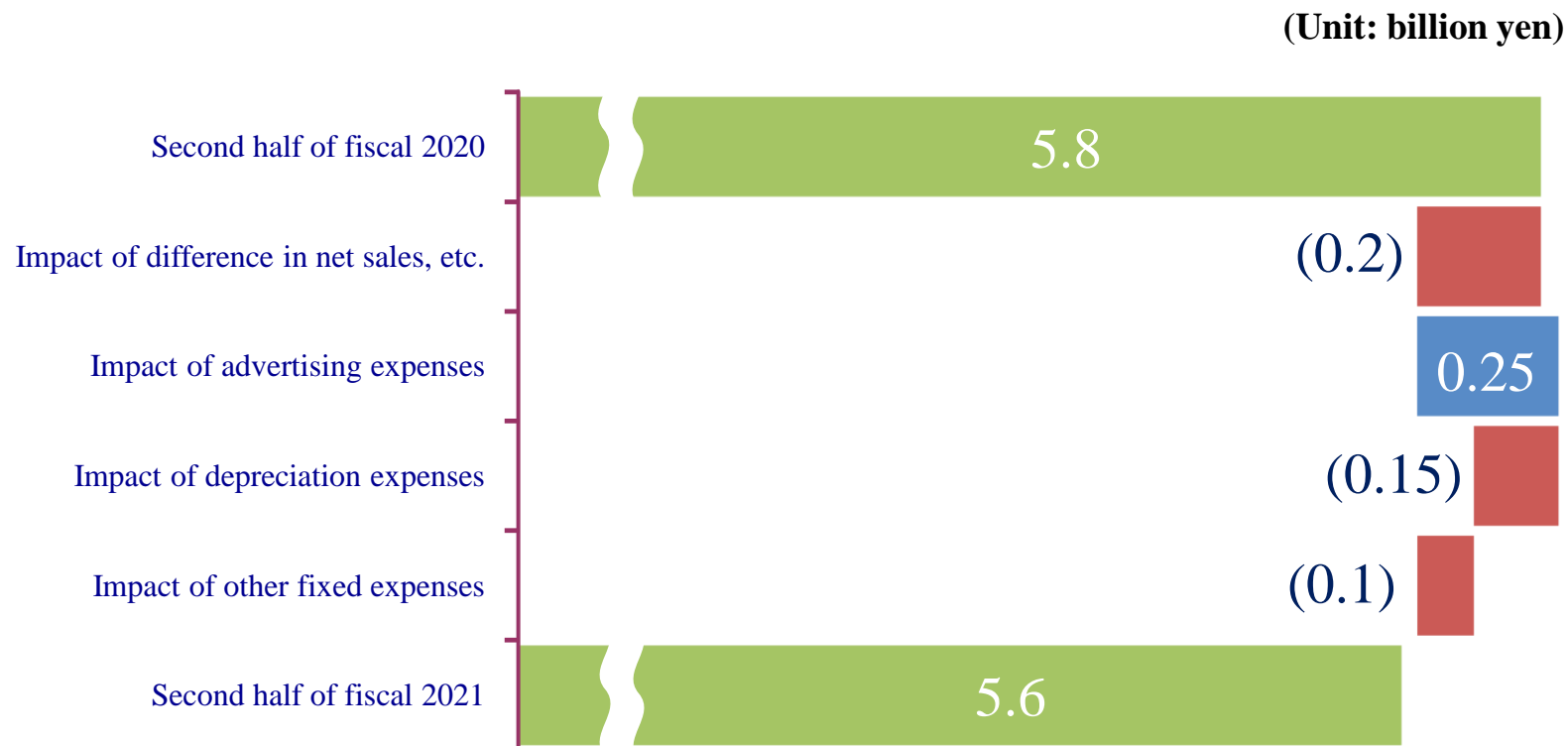
Net Sales		Forecast	Fiscal 2020	Change increase / (decrease)	%
Japan	Soy Sauce	24.4	25.0	(0.6)	97.7
	Food Products	30.9	30.5	0.4	101.3
	Beverages	27.7	27.1	0.5	102.0
	Liquor and wine	4.9	5.3	(0.5)	91.4
	Eliminations	(0.1)	(0.1)		
	Foods—Manufacturing and Sales	87.7	87.8	(0.1)	99.8
	Others	10.9	10.7	0.2	102.0
	Eliminations	(6.2)	(6.3)	0.1	
Total		92.4	92.3	0.1	100.1

Operating Profit		Forecast	Fiscal 2020	Change increase / (decrease)	%
Japan	Foods—Manufacturing and Sales	4.8	4.9	(0.1)	98.5
	Others	0.8	0.9	(0.1)	89.0
	Total	5.6	5.8	(0.2)	95.7

2-4. Forecast for the Second Half of Fiscal 2021

Major Factors for Changes in Operating Profit in Japan

Japan ¥(0.2) billion



2-5. Forecast for the Second Half of Fiscal 2021 Net Sales Overseas (Compared with Previous Year)

2nd half forecast

(Unit: billion yen)

Net Sales			Forecast	Fiscal 2020	Change increase / (decrease)	%	Breakdown of change		
							Translation difference	Actual difference	%
Overseas	North America	Soy Sauce	23.8	25.1	(1.2)	95.1	(1.2)	(0.1)	99.8
		Other Foods	6.5	6.5	0.1	101.0	(0.3)	0.4	105.7
		Foods—Manufacturing and Sales	30.4	31.5	(1.2)	96.3	(1.5)	0.3	101.0
		Foods—Wholesale	78.0	79.2	(1.2)	98.4	(3.9)	2.6	103.3
		Total	104.5	106.6	(2.0)	98.1	(5.1)	3.1	102.9
	Europe	Foods—Manufacturing and Sales	8.1	7.0	1.1	116.2	0.2	0.9	113.4
		Foods—Wholesale	10.8	10.4	0.3	103.3	0.1	0.3	102.7
		Total	17.5	16.2	1.4	108.6	0.2	1.2	107.2
	Asia & Oceania	Soy Sauce	6.9	6.9		100.3			100.3
		Del Monte	3.2	3.4	(0.2)	95.2	(0.1)		99.3
		Foods—Manufacturing and Sales	10.1	10.2	(0.1)	98.7	(0.1)		100.0
		Foods—Wholesale	12.3	9.7	2.6	127.1	0.1	2.5	126.1
		Total	22.3	19.8	2.5	112.8		2.6	113.1
	Others		21.3	22.4	(1.0)	95.4		(1.0)	95.4
	Eliminations		(19.9)	(18.3)	(1.6)		0.1	(1.7)	
	Total		145.8	146.6	(0.8)	99.5	(4.9)	4.1	102.8
		US\$	104.0	109.2	(5.2)				
	EUR	124.0	120.8	3.2					

2-6. Forecast for the Second Half of Fiscal 2021

Operating Profit Overseas (Compared with Previous Year)

2nd half forecast

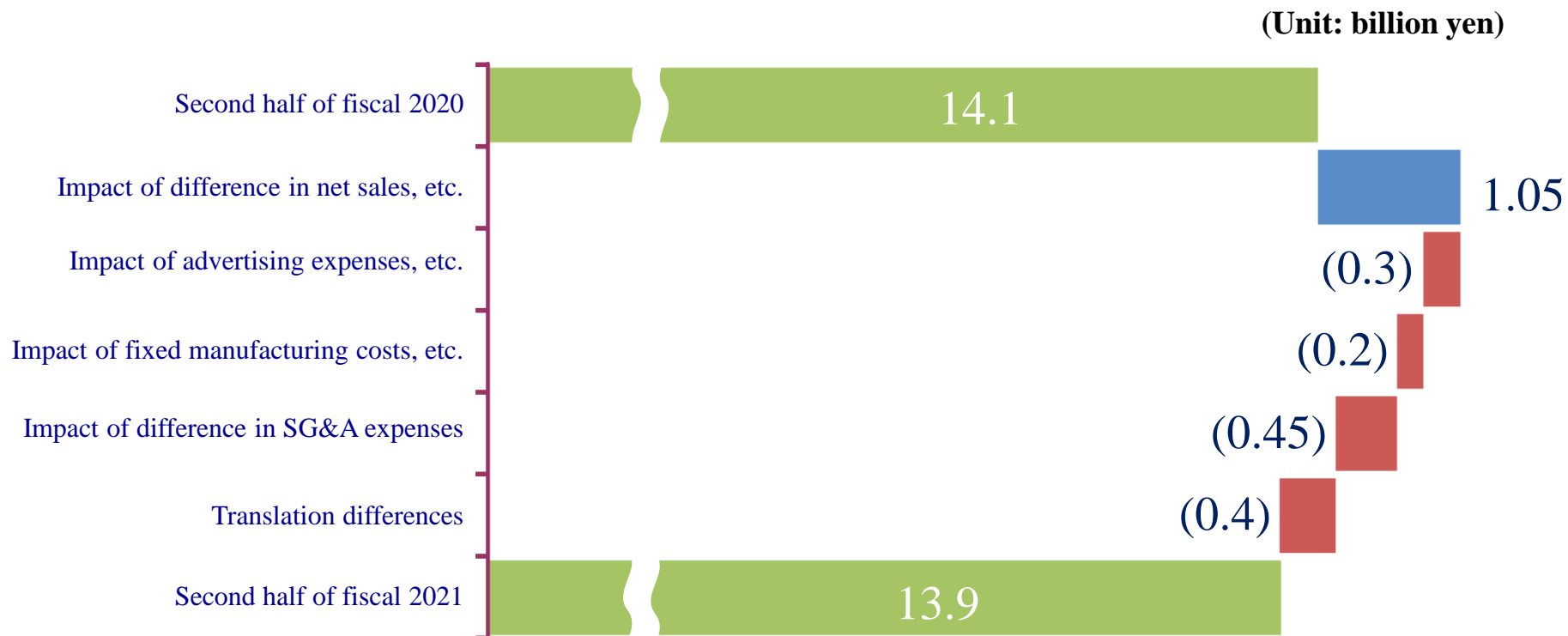
(Unit: billion yen)

Operating Profit			Forecast	Fiscal 2020	Change Increase / Decrease	%	Breakdown of change		
							Translation Difference	Actual Difference	%
Overseas	North America	Foods—Manufacturing and Sales	5.9	6.1	(0.2)	96.9	(0.3)	0.1	101.5
		Foods—Wholesale	3.5	3.6	(0.1)	97.0	(0.2)	0.1	102.0
		Total	9.3	9.6	(0.3)	97.1	(0.5)	0.2	101.8
	Europe	Foods—Manufacturing and Sales	2.3	2.1	0.2	108.7	0.1	0.1	105.4
		Foods—Wholesale	0.2	0.2		92.4			93.0
		Total	2.4	2.3	0.1	104.3	0.1		101.9
	Asia & Oceania	Foods—Manufacturing and Sales	0.8	1.1	(0.3)	73.9		(0.3)	75.7
		Foods—Wholesale	0.3	0.1	0.3	387.6		0.3	386.7
		Total	1.2	1.2		98.4			100.1
	Others		1.0	0.9		103.6			103.6
	Total		13.9	14.1	(0.3)	98.1	(0.4)	0.1	101.0
	US\$			104.0	109.2	(5.2)			
	EUR			124.0	120.8	3.2			

2-7. Forecast for the Second Half of Fiscal 2021

Major Factors for Changes in Operating Profit Overseas

Overseas ¥(0.3) billion



2-8. Forecast for Fiscal 2021

Consolidated P/L Results (Compared with Previous Year)

Full-year forecasts

(Unit: billion yen)

	Forecast	Fiscal 2020	Change increase / (decrease)	%	Breakdown of change		
					Translation difference	Actual difference	%
Net Sales	463.8	468.6	(4.8)	99.0	(7.7)	2.9	100.6
Japan	186.2	188.2	(1.9)	99.0		(1.9)	99.0
Overseas	281.7	284.1	(2.4)	99.2	(7.7)	5.3	101.9
Operating Profit	39.5	39.8	(0.3)	99.2	(0.8)	0.5	101.3
Japan	12.2	13.3	(1.1)	91.9		(1.1)	91.9
Overseas	29.1	28.2	0.8	103.0	(0.8)	1.6	105.8
Kikkoman (Holding Company)	7.3	6.8	0.6	108.2		0.6	108.2
Eliminations	(9.1)	(8.5)	(0.6)		(0.1)	(0.6)	
Ordinary Profit	39.1	39.1		100.1	(0.8)	0.8	102.0
Profit before Income Taxes	37.9	37.9		99.9	(0.8)	0.7	102.0
Profit Attributable to Owners of Parent	26.6	26.6		100.0	(0.6)	0.6	102.2
Exchange Rate (¥/US\$)	105.4	109.1	(3.7)				
(¥/EUR)	122.6	121.1	1.4				

kikkoman 
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