

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Q3 FY 2022) (Japanese Accounting Standards)

Company name: Itoham Yonekyu Holdings Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 2296
 URL: <https://www.itoham-yonekyu-holdings.com>
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 Scheduled date for filing of securities report: February 14, 2023
 Scheduled date of commencement of dividend payment: -
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: No

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (April 1, 2022–December 31, 2022)

(1) Consolidated Results of Operations (Accumulated Total) (% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit (loss) attributable to owners	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Nine months ended								
December 31, 2022	701,596	7.0	23,917	3.4	26,011	(2.9)	17,754	(4.5)
December 31, 2021	655,708	—	23,135	—	26,796	—	18,582	—

(Note) Comprehensive income: Nine months ended December 31, 2022 19,917 million Yen (6.9%)
 Nine months ended December 31, 2021 18,627 million Yen (—%)

	Profit (loss) per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Nine months ended				
December 31, 2022	61.30		61.27	
December 31, 2021	63.46		63.43	

(Note) As the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. has been applied from the beginning of the third quarter of the fiscal year ending March 31, 2022, therefore the percentage change from the same period of the previous year is not stated.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million Yen	Million Yen	Million Yen	Million Yen	%	%
As of December 31, 2022	476,747		272,185		57.0	
As of March 31, 2022	413,123		262,740		63.4	

(Reference) Shareholders' equity: As of December 31, 2022 271,536 million Yen
 As of March 31, 2022 262,023 million Yen

2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal quarter-end	Total
For the fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2022	—	0.00	—	23.00	23.00
March 31, 2023	—	0.00	—	—	—
For the fiscal year ending					
March 31, 2023 (Forecast)			—	24.00	24.00

(Note) Changes to most recent dividend forecast: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% figures show year-on-year change)

	Net Sales		Operating profit		Ordinary income		Profit (loss) attributable to owners		Profit (loss) per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Full year	900,000	5.3	22,000	(10.6)	24,000	(16.1)	15,000	(21.5)	51.79

(Note) Changes to most recent financial results forecast: Yes

* Notes

- (1) Changes in significant subsidiaries during the term (changes in specific subsidiaries accompanied by a change in the scope of consolidation): None
- (2) Application of special accounting treatment in the preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes of accounting estimates and restatement
- | | |
|---|------|
| (i) Changes in accounting policies due to amendments to accounting standards: | None |
| (ii) Other Changes in accounting policies: | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatement: | None |
- (4) Numbers of shares outstanding (common stock)
- | | | |
|---|-------------|--------|
| (i) Numbers of issued shares at end of period: | | |
| Nine Months Ended December 31, 2022: | 292,355,059 | shares |
| Year ended March 31, 2022: | 297,355,059 | shares |
| (ii) Numbers of treasury shares at end of period: | | |
| Nine Months Ended December 31, 2022: | 5,837,105 | shares |
| Year ended March 31, 2022: | 5,458,762 | shares |
| (iii) Average number of shares outstanding during period (quarterly cumulative period): | | |
| Nine Months Ended December 31, 2022: | 289,642,164 | shares |
| Nine Months Ended December 31, 2021: | 292,806,116 | shares |

* This Summary of Consolidated Financial Results is outside the scope of the external audit.

* Explanation for using the forecasted information and the other special notes

(Notes concerning forward-looking statements, etc.)

This summary financial report contains forward-looking statements and forecasts are made based on information available to the company at the time of preparation and certain assumption deemed to reasonable and actual result may significantly due to various factors.

For assumptions used for earnings forecasts and notes on the use of earnings forecasts, please refer to “(3) Information on the consolidated earnings forecasts and other future forecasts” under “1. Qualitative Information on Financial Results ” on page “3”.

(Access to Supplementary Explanations)

Explanatory materials for quarterly financial results will be published on TDnet for viewing in Japan and on our website.

Information on the consolidated financial forecasts and other future forecasts

In regard with the full-year forecast, we have revised up our previous financial result announced on November 8, 2022. Sales and Operating profit are expected to slightly exceed .

Revisions to the forecast for the year ending March 31, 2023 (April 1, 2022-March 31, 2023)

	Sales (Million Yen)	Operating profit (Million Yen)	Ordinary profit (Million Yen)	Net Income (Million Yen)	Net Income per Share (Yen)
Previous forecasts (A)	895,000	21,000	24,000	15,000	51.79
Curent forecasts (B)	900,000	22,000	24,000	15,000	51.79
Change (B-A)	5,000	1,000	—	—	
Change (%)	0.6	4.8	—	—	
Previous Year (March 31, 2022)	854,374	24,611	28,596	19,118	65.34

(Note)

The above forecasts are based on currently available information and certain assumptions judged to be reasonable, and actual performance may differ from forecast figures due to various factors in the future.

Consolidated Financial Statements and Key Notes

(1) Consolidated balance sheets

(Million Yen)

	As of March 31, 2022	As of December 31, 2022
ASSETS		
Current assets		
Cash and deposits	47,991	23,183
Notes and accounts receivable-trade	89,008	134,161
Merchandise and finished goods	74,814	95,913
Work in process	1,713	1,529
Raw materials and supplies	19,037	27,445
Other	10,848	15,183
Allowance for doubtful accounts	(7)	(18)
Total current assets	243,405	297,398
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	36,252	36,713
Machinery, equipment and vehicles, net	28,274	28,614
Tools, furniture & fixtures, net	1,530	1,459
Land	26,017	26,304
Leased assets, net	2,487	2,823
Others, net	2,437	4,502
Total property, plant and equipment	97,000	100,417
Intangible assets		
Goodwill	18,158	18,637
Other	3,955	7,959
Total intangible assets	22,114	26,596
Investments and other assets		
Investment securities	29,598	30,458
Retirement benefit asset	14,722	15,512
Other	6,374	6,456
Allowance for doubtful accounts	(93)	(92)
Investments and other assets	50,602	52,334
Total non-current assets	169,717	179,348
Total Assets	413,123	476,747

(Million Yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	62,351	78,513
Electronically recorded obligations - operating	1,747	2,096
Short-term borrowings	24,407	50,268
Current portion of Long-term borrowings	144	129
Income taxes payable	2,891	4,394
Provision for bonuses	6,617	3,490
Provision for bonuses for directors (and other officers)	151	116
Provision for loss on disaster	329	329
Other	27,894	40,117
Total current liabilities	126,533	179,455
Non-current liabilities		
Long-term borrowings	10,572	10,477
Retirement benefit liability	1,706	1,693
Asset retirement obligations	1,490	1,493
Other	10,080	11,441
Total non-current liabilities	23,849	25,106
Total liabilities	150,383	204,561
Net assets		
Shareholders' equity		
Capital stock	30,003	30,003
Capital surplus	96,615	92,924
Retained earnings	129,805	140,845
Treasury shares	(4,150)	(4,069)
Total shareholder's equity	252,273	259,703
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,727	6,910
Deferred gains or losses on hedges	151	(1,312)
Foreign currency translation adjustment	(684)	2,910
Remeasurements of defined benefit plans	3,556	3,324
Total accumulated other comprehensive income	9,750	11,832
Share acquisition rights	118	77
Non-controlling interests	598	571
Total net assets	262,740	272,185
Total liabilities and net assets	413,123	476,747

(2) Consolidated statements of income and comprehensive income
Consolidated statements of income

(Million Yen)

	Nine Months Ended December 31, 2021 (Apr. 1, 2021 - Dec. 31, 2021)	Nine Months Ended December 31, 2022 (Apr. 1, 2022 - Dec. 31, 2022)
Net sales	655,708	701,596
Cost of sales	550,913	596,433
Gross profit	104,795	105,163
Selling, general and administrative expenses	81,660	81,246
Operating profit	23,135	23,917
Non-operating Income		
Interest income	27	59
Dividend income	437	375
Rental income	320	343
Subsidy income	1,335	994
Share of profit of entities accounted for using equity method	1,101	308
Other	871	850
Total non-operating income	4,093	2,931
Non-operating expenses		
Interest expenses	237	529
Rental expenses on real estate	100	108
Other	93	199
Total non-operating expenses	432	837
Ordinary profit	26,796	26,011
Extraordinary income		
Gain on sale of non-current assets	5	61
Gain on sale of investment securities	55	0
Insurance claim income	134	—
Gain on donation of non-current assets	906	—
Other	24	—
Total extraordinary income	1,126	61
Extraordinary losses		
Loss on retirement of non-current assets	170	242
Loss on tax purpose reduction entry of non-current assets	904	—
Others	20	12
Total extraordinary losses	1,095	254
Profit before income taxes	26,827	25,818
Income taxes-current	6,315	6,987
Income taxes-deferred	1,898	1,037
Total income taxes	8,213	8,024
Profit	18,613	17,793
Profit attributable to non-controlling interests	30	38
Profit attributable to owners of parent	18,582	17,754

Consolidated statements of comprehensive income

(Million Yen)

	Nine Months Ended December 31, 2021 (Apr. 1, 2021 - Dec. 31, 2021)	Nine Months Ended December 31, 2022 (Apr. 1, 2022 - Dec. 31, 2022)
Profit	18,613	17,793
Other comprehensive income		
Valuation difference on available-for- sale securities	(844)	187
Deferred gains or losses on hedges	(27)	(1,464)
Foreign currency translation adjustment	883	2,824
Remeasurements of defined benefit plans	(344)	(274)
Share of other comprehensive income of entities accounted for using equity method	346	851
Total other comprehensive income	13	2,124
Comprehensive income	18,627	19,917
(Breakdown)		
Comprehensive income attributable to owners of parent	18,610	19,837
Comprehensive income attributable to non-controlling interests	16	80

(4) Notes on the quarterly consolidated financial statements

(Notes on going concern assumptions)

Not applicable.

(Notes in the case of significant changes in shareholders' equity)

Not applicable.

(Segment information)

I, Nine Months Ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

1. Information on net sales and profit and loss for each reportable segment

(Million Yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated quarterly statements of income (Note 3)
	Processed Food Division	Meat Division	Total				
Net sales							
Net sales to customers	279,501	372,991	652,492	3,215	655,708	—	655,708
Intersegment net sales or transfers	19,085	60,520	79,606	22,568	102,174	(102,174)	—
Total	298,587	433,511	732,099	25,783	757,882	(102,174)	655,708
Segment profit (loss)	11,977	15,326	27,304	56	27,360	(564)	26,796

(Note)

- "Others" represents a business segment that is not included in the reportable segments such as logistics business and human resource and payroll related services.
- The main content of adjustment of segment income (loss) is the amortization of goodwill of (1041) million yen.
- Segment income (loss) is adjusted to ordinary income in the quarterly consolidated statements of income.

II, Nine Months Ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

1. Information on net sales and profit or loss for each reportable segment

(Million Yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated quarterly statements of income (Note 3)
	Processed Food Division	Meat Division	Total				
Net sales							
Net sales to customers	285,963	412,279	698,242	3,353	701,596	—	701,596
Intersegment net sales or transfers	20,320	62,449	82,769	22,245	105,014	(105,014)	—
For the fiscal year ending	306,283	474,728	781,012	25,599	806,611	(105,014)	701,596
(Forecast)	8,256	18,528	26,784	(282)	26,502	(490)	26,011

(Note)

- "Others" represents a business segment that is not included in the reportable segments such as logistics business and human resource and payroll related services.
- The adjustment to segment income (loss) mainly includes amortization of goodwill of (1041) million yen.
- Segment income (loss) is adjusted to ordinary income in the consolidated statements of income.

2. Matters concerning changes in reportable segments, etc.

Effective from the first quarter of the current fiscal year, following the Group's organizational restructuring, the Company has changed its reporting segments from product and service-based to organization-based reporting segments. In addition, since the Company's Board of Directors and other management decision-making bodies have decided to use ordinary income as a management indicator for determining the allocation of management resources and evaluating business performance, segment income (loss) is now adjusted to ordinary income, whereas it was previously adjusted to operating income in the quarterly consolidated statements of income.

Segment information for the third quarter of the previous fiscal year is presented based on the segment income adjusted for the new classification method and adjusted to ordinary income.

3. Information on impairment losses on Fixed assets or Goodwill, in reportable segment, etc.

(The Goodwill amount show significant change)

In the Meat Division segment, there was the 1,600 million yen Goodwill occurrence by Healthcare business acquisition of Moregate Exports Pty. Ltd. and Moregate Exports Ltd. in the Meat Division.

The amount was calculated tentatively as Purchase Price Allocation has not been completed yet.