

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (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
Representative:	Isao Miyashita, President and Chief Executive Officer
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Scheduled date for general shareholders' meeting:	June 23, 2023
Scheduled date for filing of securities report:	June 23, 2023
Scheduled date of commencement of dividend payment:	June 05, 2023
Supplementary documents for financial results:	Yes
Quarterly results briefing:	Yes (For institutional investors, analysts)

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022–March 31, 2023)

(1) Consolidated Results of Operations (% 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	%
For the fiscal year ended								
March 31, 2023	922,682	8.0	22,994	-6.6	26,044	-8.9	16,975	-11.2
March 31, 2022	854,374	—	24,611	—	28,596	—	19,118	—

(Note) Comprehensive income: The fiscal year ended March 31, 2023 18,262 million Yen (-16.9%)
The fiscal year ended March 31, 2022 21,979 million Yen (—%)

	Profit (loss) per share	Diluted net income per share	Net income to shareholder's equity	Ordinary profit to assets	Operating profit to net sales
	Yen	Yen	%	%	%
For the fiscal year ended					
March 31, 2023	58.81	58.79	6.4	6.1	2.5
March 31, 2022	65.34	65.31	7.5	7.1	2.9

(Reference) Equity in income or losses of affiliates: The Fiscal Year Ended March 31, 2023 439 million Yen
The Fiscal Year Ended March 31, 2022 605 million Yen

(Note) As the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. has been applied from the beginning 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	Net assets per share
	Million Yen	Million Yen	%	Yen
As of March 31, 2023	436,763	269,261	61.5	943.40
As of March 31, 2022	413,123	262,740	63.4	897.66

(Reference) Shareholders' equity: As of March 31, 2023 268,608 million Yen
As of March 31, 2022 262,023 million Yen

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at the end of fiscal year
	Million Yen	Million Yen	Million Yen	Million Yen
For the fiscal year ended				
March 31, 2023	3,947	-22,926	-6,844	22,359
March 31, 2022	18,473	-11,251	-10,653	47,690

2. Dividends

	Dividend per share					Total amount of cash dividends (annual)	Dividend payout ratio (consolidated)	Ratio of total amount of dividends to shareholders' equity (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal quarter-end	Total			
For the fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
March 31, 2022	—	0.00	—	23.00	23.00	6,713	35.2	2.6
March 31, 2023	—	0.00	—	24.00	24.00	6,833	40.8	2.6
For the fiscal year ending March 31, 2024 (Forecast)	—	0.00	—	25.00	25.00		47.5	

(Note) Consolidation of shares (combining 5 shares of common stock into 1 share, effective date: October 1, 2023) will be proposed at the Ordinary General Meeting of Shareholders to be held on June 23, 2023. ,

In regard to above dividend per share figure for the fiscal year ending March 31, 2024 (Forecast), it does not consider the consolidation of shares. In case of considering the consolidation of shares, the company plans to issue a year-end dividend of ¥125.00 per share.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

	Net Sales		Operating profit		Ordinary profit		Profit (loss) attributable to owners		Profit (loss) per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Second quarter-end (Cumulative)	455,000	1.6	9,200	-39.2	10,000	-38.1	6,500	-40.4	22.83
Full year	930,000	0.8	23,000	0.0	25,000	-4.0	15,000	-11.6	52.68

(Note) Consolidation of shares (combining 5 shares of common stock into 1 share, effective date: October 1, 2023) will be proposed at the Ordinary General Meeting of Shareholders to be held on June 23, 2023.

In regard to above Profit per share figure, it does not consider the consolidation of shares. In case of considering the consolidation of shares, the second quarter-end (Cumulative) profit per share is ¥114.15 per share and full year profit per share is ¥263.41.

* Notes

- (1) Changes in significant subsidiaries during the term (changes in specific subsidiaries accompanied by a change in the scope of consolidation): None
- (2) 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
- (3) Numbers of shares outstanding (common stock)
- (i) Numbers of issued shares at end of period:
- Year ended March 31, 2023: 287,355,059 shares
- Year ended March 31, 2022: 297,355,059 shares
- (ii) Numbers of treasury shares at end of period:
- Year ended March 31, 2023: 2,632,763 shares
- Year ended March 31, 2022: 5,458,762 shares
- (iii) Average number of shares outstanding during period:
- Year ended March 31, 2023: 288,618,824 shares
- Year ended March 31, 2022: 292,581,811 shares

(Reference) Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022–March 31, 2023)

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

(Translated)	Operating revenue		Operating profit		Ordinary profit		net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
For the fiscal year ended								
March 31, 2023	28,345	33.1	17,383	10.1	17,433	10.0	16,558	15.3
March 31, 2022	21,300	55.0	15,788	56.8	15,854	55.4	14,358	39.6

	Profit (loss) per share	Diluted net income per share
For the fiscal year ended	Yen	Yen
March 31, 2023	57.37	57.35
March 31, 2022	49.08	49.05

(2) Individual financial position

(% figures show year-on-year change)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million Yen	Million Yen	%	Yen
As of March 31, 2023	242,708	205,609	84.7	721.87
As of March 31, 2022	230,345	200,684	87.1	687.11

(Reference) Shareholders' equity: As of March 31, 2023 205,531 million Yen
As of March 31, 2022 200,565 million Yen

* 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 “(4) Future outlook” under “1. Overview of Operations etc.” on page “3”.

(Access to Supplementary Explanations)

We plan to hold a briefing for institutional investors and analysts at the same time as the web conference on Wednesday May 10, 2023. Explanatory materials for quarterly financial results will be published on TDnet for viewing in Japan and on our website.

Contents

1. Overview of Operating Results and Financial Position	2
(1) Overview of operating results.....	2
(2) Overview of financial position.....	3
(3) Overview of cash flows.....	3
(4) Outlook.....	3
2. Basic Concept for the Selection of Accounting Standards	4
3. Consolidated Financial Statements and Key Notes	5
(1) Consolidated balance sheets.....	5
(2) Consolidated statements of income and comprehensive income.....	7
(3) Consolidated statement of changes in equity	9
(4) Consolidated statements of cash flows	11
(5) Notes to the consolidated financial statements.....	12
(Going concern assumptions).....	12
(Segment information).....	12
(Per share information)	14
(Significant subsequent events).....	15

1. Overview of Operating Results and Financial Position

(1) Overview of operating results

During the fiscal year under review, the Japanese economy showed signs of picking up in transition to post-pandemic phase with eased restrictions, while rising prices continued to pinch businesses and households as impacted by higher resource prices amid global uncertainties and weakening yen.

In the industry where Itoham Yonekyu Holdings Inc. and its subsidiaries (collectively the "Group") operate, the business environment remained harsh due to rising raw material and energy prices on top of persistently high packaging and logistics costs along with weakening yen. Besides, the Group should respond to consumer needs and values that are rapidly changing and diversifying, such as shift in consumer behavior, accelerated digitalization, and growing interest in sustainability.

Facing such environment, the Group has developed "Medium-Term Management Plan 2023" and prioritized the following policies so far: "strengthening management base", "strengthening earnings base", "initiatives for new businesses and markets," and "initiatives for sustainability." In terms of "strengthening management base," we have promoted the strategic-based reorganization as well as digital strategies, and for "strengthening earnings base," started restructuring our production and logistics bases. To take the "initiatives for new businesses and markets," we are expanding range of non-meat products and strengthening our healthcare business, and for "initiatives for sustainability," working on lowering energy and water consumption and waste emissions by 3%, based on intensity, over three years with fiscal 2021 as a base year, on top of reducing greenhouse gas emissions to half by fiscal 2030 (compared to fiscal 2016) for reaching net zero by 2050.

In the "Medium-Term Management Plan 2023," we aim to enhance return on invested capital (ROIC) and increase dividends steadily around the payout ratio of 40% to maximize shareholder value, by carrying out shareholder return policies while ensuring financial soundness and capital efficiency. Further, we are pursuing share buybacks and retirements and bought back five billion yen of shares and retired 10 million treasury shares in the year presented.

As a result of those efforts to cope with changing business environment, the Group recorded consolidated net sales of 922,682 million yen (up 8.0% YoY), operating profit of 22,994 million yen (down 6.6% YoY), ordinary profit of 26,044 million yen (down 8.9% YoY), and profit attributable to owners of parent of 16,975 million yen (down 11.2% YoY) for the fiscal year under review.

The results by reportable segment are outlined below.

<Processed Food division>

Regarding hams and sausages, net sales increased driven by TV commercials and consumer campaigns to expand sales of the main products for consumer products such as "The Grand Alt Bayern", "Asano Fresh Series", "Pork Bits", "Gotenba Kogen Arabiki Pork", and "Genkei Bacon Block Series", on top of increased sales of business-use products such as roast beef.

Regarding processed food, net sales increased driven by expanded product range to accommodate more diversified consumer needs such as pizza products of "La Pizza" and "Pizza Garden", "Onikuyasan-no-Sozai Series," "Yonekyu Dango Series," and soy-meat products of "Marude Oniku! Series," on top of increased sales of business-use products for restaurants.

As a result, the Processed Food division recorded net sales of 371,165 million yen (up 2.7% YoY) for the fiscal year under review, whereas ordinary profit was 5,954 million yen (down 52.3% YoY) impacted by rising raw material and energy costs that were not fully covered by raising prices.

<Meat division>

In domestic business, net sales increased driven by higher sales price across the business as well as recovering sales to food servicebusiness following eased restrictions, despite declined sales volume primarily due to persistently high prices for imported chicken and beef. Meanwhile, profit decreased due to the added costs of imported chicken and beef that were not fully covered by sales prices as well as surging costs for compound feeds and logistics.

In overseas businesses, both net sales and profits increased driven by ANZCO Foods Ltd.'s efforts to focus on profitability for procurement and sales in addition to increased sales prices led by strong demand for meat overseas.

As a result, the Meat division recorded net sales of 547,145 million yen (up 11.9% YoY) for the fiscal year under review and ordinary profit of 21,465 million yen (up 21.7% YoY) reflecting favorable results of ANZCO Foods.

(2) Overview of financial position

Total assets at the end of the fiscal year under review were 436,763 million yen, an increase of 23,640 million yen from the end of previous fiscal year. It was mainly due to increases in accounts receivable-trade, inventories, and non-current assets as well as decreases in cash and deposits.

Liabilities were 167,501 million yen, an increase of 17,118 million yen from the end of previous fiscal year. It was mainly due to increases in short-term borrowings and accounts payable for trade.

Net assets were 269,261 million yen, an increase of 6,521 million yen from the end of previous fiscal year. It was mainly due to an increase in retained earnings.

(3) Overview of cash flows

The balance of cash and cash equivalents (hereinafter referred to as "Funds") at the end of the fiscal year under review decreased by 25,330 million yen from the end of previous fiscal year (a decrease of 2,961 million yen in the previous year) to 22,359 million yen.

◇ Cash flows from operating activities

Operating activities increased Funds by 3,947 million yen (an increase of 18,473 million yen in the previous year). The increase was mainly due to profit before income taxes, which was partially offset by an increase in inventories and payments of income taxes.

◇ Cash flows from investing activities

Investing activities decreased Funds by 22,926 million yen (a decrease of 11,251 million yen in the previous year). The decrease was mainly due to purchase of property, plant and equipment and payments for acquisition of business.

◇ Cash flows from financing activities

Financing activities decreased Funds by 6,844 million yen (a decrease of 10,653 million yen in the previous year). The decrease was mainly due to payment of dividends and repurchase of shares, while the increase was mainly due to increased short-term borrowings.

(4) Outlook

	Net sales (Million Yen)	Operating profit (Million Yen)	Ordinary profit (Million Yen)	Profit attributable to owners of parent (Million Yen)	Profit per share (Yen)
For the fiscal year ending March 31, 2024	930,000	23,000	25,000	15,000	52.68
For the fiscal year ended March 31, 2023	922,682	22,994	26,044	16,975	58.81
Change (%)	0.8	0.0	-4.0	-11.6	

As for the outlook going forward, we assume that the economic situation will remain unpredictable amid inflation, financial uncertainties in the US and Europe, moving exchange rates, and so forth, even though our economy is showing signs of recovery with new policies to better cope with COVID-19.

In our industry as well, we expect that raw material and energy costs will remain high and the business environment will continue to be challenging.

Under these circumstances, the Group will continue to strengthen its management and earnings bases in line with the "Medium-Term Management Plan 2023" and adapt to changing business environment and demonstrate its strengths. Further, the Group will keep enhancing its competitiveness and growth potential by responding to new market needs and taking the socially and environmentally friendly initiatives.

Based on the above, for the next year ending March 31, 2024, we expect consolidated net sales of 930.0 billion yen, operating profit of 23.0 billion yen, ordinary profit of 25.0 billion yen, and profit attributable to owners of parent of 15.0 billion yen.

Meanwhile, we plan to submit a proposal for a share consolidation (1-for-5 shares of common stocks to be effective October 1, 2023) to the Ordinary General Meeting of Shareholders on June 23, 2023. The above profit per share does not reflect the share consolidation, and it would be 263.41 yen on post-consolidation basis.

2. Basic Concept for the Selection of Accounting Standards

For the time being, the Group prepares its consolidated financial statements in accordance with Japanese GAAP, considering the comparability of the consolidated financial statements between periods and the comparability among companies. The Group will respond appropriately to the application of International Financial Reporting Standards (IFRS), considering various conditions in Japan and overseas.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated balance sheets

(Million Yen)

	As of March 31, 2022	As of March 31, 2023
ASSETS		
Current assets		
Cash and deposits	47,991	22,736
Notes receivable-trade	83	81
Accounts receivable-trade	88,924	95,241
Merchandise and finished goods	74,814	97,801
Work in process	1,713	2,020
Raw materials and supplies	19,037	22,920
Other	10,848	15,681
Allowance for doubtful accounts	(7)	(20)
Total current assets	243,405	256,463
Non-current assets		
Property, plant and equipment		
Buildings and structures	104,678	108,063
Accumulated depreciation	(68,425)	(71,127)
Buildings and structures, net	36,252	36,935
Machinery, equipment and vehicles	129,928	135,652
Accumulated depreciation	(101,653)	(106,560)
Machinery, equipment and vehicles, net	28,274	29,091
Tools, furniture & fixtures	7,264	7,546
Accumulated depreciation	(5,733)	(6,092)
Tools, furniture & fixtures, net	1,530	1,454
Land	26,017	26,368
Leased assets	6,171	6,873
Accumulated depreciation	(3,683)	(4,075)
Leased assets, net	2,487	2,797
Construction in progress	2,244	4,640
Others	238	245
Accumulated depreciation	(44)	(59)
Others, net	193	185
Total property, plant and equipment	97,000	101,472
Intangible assets		
Goodwill	18,158	18,286
Other	3,955	8,555
Total intangible assets	22,114	26,842
Investments and other assets		
Investment securities	29,598	30,302
Long-term loans receivable	1,352	1,202
Deferred tax assets	667	706
Retirement benefit asset	14,722	15,307
Other	4,354	4,552
Allowance for doubtful accounts	(93)	(88)
Investments and other assets	50,602	51,984
Total non-current assets	169,717	180,299
Total Assets	413,123	436,763

(Million Yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	62,351	66,978
Electronically recorded obligations - operating	1,747	1,991
Short-term borrowings	24,407	32,062
Current portion of Long-term borrowings	144	10,126
Lease liabilities	752	871
Accounts payable - other	22,609	23,461
Income taxes payable	2,891	5,024
Accrued consumption taxes	904	1,059
Provision for bonuses	6,617	6,163
Provision for bonuses for directors (and other officers)	151	161
Provision for loss on disaster	329	329
Other	3,627	4,710
Total current liabilities	126,533	152,941
Non-current liabilities		
Long-term borrowings	10,572	446
Lease liabilities	1,975	2,166
Deferred tax liabilities	5,143	5,703
Retirement benefit liability	1,706	1,653
Asset retirement obligations	1,490	1,469
Other	2,961	3,121
Total non-current liabilities	23,849	14,560
Total liabilities	150,383	167,501
Net assets		
Shareholders' equity		
Capital stock	30,003	30,003
Capital surplus	96,615	89,427
Retained earnings	129,805	140,066
Treasury shares	(4,150)	(1,841)
Total shareholder's equity	252,273	257,655
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,727	6,708
Deferred gains or losses on hedges	151	(828)
Foreign currency translation adjustment	(684)	2,237
Remeasurements of defined benefit plans	3,556	2,835
Total accumulated other comprehensive income	9,750	10,952
Share acquisition rights	118	77
Non-controlling interests	598	576
Total net assets	262,740	269,261
Total liabilities and net assets	413,123	436,763

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

(Million Yen)

	The Fiscal Year Ended March 31, 2022 (Apr 1, 2021 - Mar 31, 2022)	The Fiscal Year Ended March 31, 2023 (Apr 1, 2022 - Mar 31, 2023)
Net sales	854,374	922,682
Cost of sales	722,470	792,556
Gross profit	131,904	130,126
Selling, general and administrative expenses	107,292	107,131
Operating profit	24,611	22,994
Non-operating Income		
Interest income	43	102
Dividend income	439	378
Rental income	433	454
Insurance claim income	325	214
Subsidy income	1,880	1,842
Share of profit of entities accounted for using equity method	605	439
Other	900	847
Total non-operating income	4,628	4,279
Non-operating expenses		
Interest expenses	318	799
Rental expenses on real estate	137	138
Other	187	291
Total non-operating expenses	644	1,229
Ordinary profit	28,596	26,044
Extraordinary income		
Gain on sale of non-current assets	5	61
Gain on sale of investment securities	57	35
Insurance claim income	134	-
Gain on donation of non-current assets	906	-
Other	24	-
Total extraordinary income	1,128	97
Extraordinary losses		
Loss on retirement of non-current assets	449	480
Loss on valuation of investment securities	3	3
Impairment loss	115	327
Loss on tax purpose reduction entry of non-current assets	904	-
Temporary expenses of human resource system reforms	-	335
Others	38	30
Total extraordinary losses	1,510	1,177
Profit before income taxes	28,213	24,964
Income taxes-current	8,374	7,640
Income taxes-deferred	672	303
Total income taxes	9,047	7,944
Profit	19,166	17,019
Profit attributable to non-controlling interests	48	44
Profit attributable to owners of parent	19,118	16,975

Consolidated statements of comprehensive income

(Million Yen)

	The Fiscal Year Ended March 31, 2022 (Apr 1, 2021 - Mar 31, 2022)	The Fiscal Year Ended March 31, 2023 (Apr 1, 2022 - Mar 31, 2023)
Profit	19,166	17,019
Other comprehensive income		
Valuation difference on available-for- sale securities	(612)	(21)
Deferred gains or losses on hedges	480	(980)
Foreign currency translation adjustment	1,490	2,083
Remeasurements of defined benefit plans	457	(744)
Share of other comprehensive income of entities accounted for using equity method	995	905
Total other comprehensive income	2,812	1,242
Comprehensive income	21,979	18,262
(Breakdown)		
Comprehensive income attributable to owners of parent	21,929	18,177
Comprehensive income attributable to non-controlling interests	49	84

(3) Consolidated statement of changes in equity

Year Ended March 31, 2022 (Apr. 1, 2021 - Mar. 31, 2022)

(Million Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	30,003	96,624	116,989	(3,624)	239,992
Cumulative effects of changes in accounting policies			(155)		(155)
Balance at beginning of period after retrospective adjustment	30,003	96,624	116,834	(3,624)	239,837
Changes during period					
Dividends from surplus			(6,147)		(6,147)
Profit attributable to owners of parent			19,118		19,118
Repurchase of shares				(649)	(649)
Disposal of treasury shares		(9)		124	114
Net changes in items other than shareholders' equity					
Total changes during period	-	(9)	12,970	(525)	12,436
Balance at end of period	30,003	96,615	129,805	(4,150)	252,273

	Accumulated other comprehensive income					Share acquisition rights	Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	7,298	(329)	(3,073)	3,042	6,939	131	585	247,648
Cumulative effects of changes in accounting policies								(155)
Balance at beginning of period after retrospective adjustment	7,298	(329)	(3,073)	3,042	6,939	131	585	247,492
Changes during period								
Dividends from surplus								(6,147)
Profit attributable to owners of parent								19,118
Repurchase of shares								(649)
Disposal of treasury shares								114
Net changes in items other than shareholders' equity	(571)	480	2,388	513	2,810	(13)	13	2,811
Total changes during period	(571)	480	2,388	513	2,810	(13)	13	15,247
Balance at end of period	6,727	151	(684)	3,556	9,750	118	598	262,740

Year Ended March 31, 2023 (Apr. 1, 2022 - Mar. 31, 2023)

(Million Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	30,003	96,615	129,805	(4,150)	252,273
Changes during period					
Dividends from surplus			(6,713)		(6,713)
Profit attributable to owners of parent			16,975		16,975
Repurchases of shares				(5,000)	(5,000)
Disposal of treasury shares		(8)		130	121
Retirement of treasury shares		(7,179)		7,179	-
Net changes in items other than shareholders' equity					
Total changes during period	-	(7,187)	10,261	2,309	5,382
Balance at end of period	30,003	89,427	140,066	(1,841)	257,655

	Accumulated other comprehensive income					Share acquisition rights	Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	6,727	151	(684)	3,556	9,750	118	598	262,740
Changes during period								
Dividends from surplus								(6,713)
Profit attributable to owners of parent								16,975
Repurchases of shares								(5,000)
Disposal of treasury shares								121
Retirement of treasury shares								-
Net changes in items other than shareholders' equity	(19)	(980)	2,922	(720)	1,202	(41)	(22)	1,139
Total changes during period	(19)	(980)	2,922	(720)	1,202	(41)	(22)	6,521
Balance at end of period	6,708	(828)	2,237	2,835	10,952	77	576	269,261

(4) Consolidated statements of cash flows

(Million Yen)

	The Fiscal Year Ended March 31, 2022 (Apr 1, 2021 - Mar 31, 2022)	The Fiscal Year Ended March 31, 2023 (Apr 1, 2022 - Mar 31, 2023)
Cash flows from operating activities		
Profit before income taxes	28,213	24,964
Depreciation	11,474	12,187
Impairment losses	115	327
Increase (decrease) in provision for bonuses	219	(453)
Amortization of goodwill	1,428	1,519
Interest and dividend income	(482)	(480)
Interest expenses	318	799
Insurance claim income	(460)	(214)
Subsidy income	(1,880)	(1,842)
Share of loss (profit) of entities accounted for using equity method	(605)	(439)
Loss (gain) on sale of investment securities	(53)	(32)
Decrease (increase) in trade receivables	(1,682)	(5,418)
Decrease (increase) in inventories	(12,345)	(22,163)
Increase (decrease) in trade payables	5,420	4,218
Increase (decrease) in accounts payable - other	469	(515)
Increase (decrease) in retirement benefit liability	(82)	(43)
Decrease (increase) in retirement benefit asset	(1,817)	(1,685)
Other	(1,521)	(354)
Subtotal	26,727	10,372
Interest and dividends received	1,136	1,331
Proceeds from insurance income	464	214
Subsidies received	1,749	1,956
Interest paid	(318)	(799)
Payments associated with disaster loss	(60)	-
Income taxes paid	(11,226)	(9,128)
Net cash provided by (used in) operating activities	18,473	3,947
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,039)	(12,444)
Purchase of intangible assets	(2,189)	(2,775)
Purchase of investment securities	(169)	(64)
Proceeds from sale and redemption of investment securities	106	98
Loan advances	(236)	(233)
Proceeds from collection of loans receivable	419	388
Payments for acquisition of businesses	-	(7,125)
Other	(143)	(770)
Net cash provided by (used in) investing activities	(11,251)	(22,926)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,795)	6,099
Repayments of long-term borrowings	(155)	(144)
Purchase of treasury shares	(649)	(5,000)
Dividends paid	(6,144)	(6,710)
Repayments of lease liabilities	(872)	(981)
Other	(36)	(107)
Net cash provided by (used in) financing activities	(10,653)	(6,844)
Effect of exchange rate change on cash and cash equivalents	471	492
Net increase (decrease) in cash and cash equivalents	(2,961)	(25,330)
Cash and cash equivalents at beginning of period	50,651	47,690
Cash and cash equivalents at end of period	47,690	22,359

(5) Notes to the consolidated financial statements

(Going concern assumptions)

Not applicable.

(Segment information)

1. Overview of reportable segments and their changes etc.

The Group's reportable segments are component units of the Group for which discrete financial information is available and which are subject to regular review by the Board of Directors to decide the allocation of management resources and to assess the performance.

The Group has two reportable segments: the "Processed Food division," which is mainly engaged in the production and sale of ham, sausage, and processed foods, and the "Meat division," which is primarily engaged in the production, processing, and sale of meat.

Since the first quarter of the year presented, those reportable segments have changed from product and service-based to organization-based in response to the Group's organizational restructuring. In addition, the Board of Directors and other management decision-making bodies adopted ordinary profit as a new management indicator used to allocate resources and evaluate business performance. Consequently, segment profit (loss) is now adjusted with ordinary profit instead of previously used operating profit, and segment results for the previous year ended March 31, 2022, are restated below to align with the new structure and ordinary profit.

2. Calculation method of net sales, profit or loss, assets, and other items by reportable segments

The accounting methods used for the reported business segments are generally the same as those used to prepare the consolidated financial statements. Profit by reportable segment is based on ordinary profit. Intersegment sales and transfers are based on market prices.

3. Information on net sales, profit or loss, assets and other items, for each reportable segment

For the Year Ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million Yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Processed food division	Meat division	Total				
Net sales							
Sales to outside customers	361,297	488,855	850,153	4,221	854,374	-	854,374
Intersegment sales and transfers	25,031	78,519	103,550	29,211	132,761	(132,761)	-
Total	386,328	567,375	953,703	33,432	987,136	(132,761)	854,374
Segment profit (loss)	12,495	17,632	30,127	(635)	29,491	(895)	28,596
Segment assets	117,728	162,040	279,769	2,302	282,072	131,051	413,123
Other items							
Depreciation	6,812	4,223	11,035	277	11,312	33	11,345
Amortization of goodwill	-	39	39	-	39	1,389	1,428
Increase in property, plant and equipment and intangible assets	6,001	5,094	11,095	40	11,136	582	11,719

Notes:

- "Others" includes the logistics business and personnel and payroll-related operations, etc. that are not included in reportable segments.
- Adjustments are as follows.
 - Adjustment on segment profit is mainly due to the amortization of goodwill of -1,389 million yen.
 - Adjustment on segment assets of 131,051 million yen includes corporate assets that are not allocated to each reportable segment. Corporate assets are mainly consisted of cash and deposits of 47,795 million yen, investments and other assets of 50,079 million yen, and goodwill of 18,057 million yen.
 - Adjustment on increase in property, plant and equipment and intangible assets of 582 million yen is mainly due to an increase in corporate assets that are not allocated to each segment.
- Segment profit is adjusted with ordinary profit as reported in the consolidated statements of income.

For the Year Ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million Yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Processed food division	Meat division	Total				
Net sales							
Sales to outside customers	371,165	547,145	918,310	4,371	922,682	-	922,682
Intersegment sales and transfers	26,623	80,977	107,601	28,951	136,552	(136,552)	-
Total	397,788	628,123	1,025,912	33,323	1,059,235	(136,552)	922,682
Segment profit (loss)	5,954	21,465	27,420	(645)	26,775	(730)	26,044
Segment assets	131,671	195,333	327,004	2,198	329,202	107,560	436,763
Other items							
Depreciation	6,868	4,904	11,773	264	12,037	33	12,070
Amortization of goodwill	-	130	130	-	130	1,389	1,519
Increase in property, plant and equipment and intangible assets	9,504	7,170	16,675	36	16,712	700	17,412

Notes:

1. "Others" includes the logistics business and personnel and payroll-related operations, etc. that are not included in reportable segments.
2. Adjustments are as follows.
 - (1) Adjustment on segment profit is mainly due to the amortization of goodwill of -1,389 million yen.
 - (2) Adjustment on segment assets of 107,560 million yen includes corporate assets that are not allocated to each reportable segment. Corporate assets are mainly consisted of cash and deposits of 22,464 million yen, investments and other assets of 51,266 million yen, and goodwill of 16,668 million yen.
 - (3) Adjustment on increase in property, plant and equipment and intangible assets of 700 million yen is mainly due to an increase in corporate assets that are not allocated to each segment.
3. Segment profit is adjusted with ordinary profit as reported in the consolidated statements of income.

(Per share information)

	Year Ended March 31, 2022 (Apr. 1, 2021 - Mar. 31, 2022)	Year Ended March 31, 2023 (Apr. 1, 2022 – Mar. 31, 2023)
Net assets per share	897.66 yen	943.40 yen
Profit per share	65.34 yen	58.81 yen
Diluted net income per share	65.31 yen	58.79 yen

(Note) 1. The basis for calculation of net assets per share is as follows.

	As of March 31, 2022	As of March 31, 2023
Total net assets (Million Yen)	262,740	269,261
Amount deducted from total net assets (Million Yen)	717	653
(Share acquisition rights (Million Yen))	(118)	(77)
(Non-controlling interests (Million Yen))	(598)	(576)
Net assets related to common shares at the end of the period (Million Yen)	262,023	268,608
Number of common shares at the end of the period used in the calculation of net assets per share (Thousand Shares)	291,896	284,722

2. The basis for calculation of profit per share and diluted net income per share is as follows.

	Year Ended March 31, 2022 (Apr. 1, 2021 - Mar. 31, 2022)	Year Ended March 31, 2023 (Apr. 1, 2022 – Mar. 31, 2023)
Profit per share		
Profit attributable to owners of parent (Million Yen)	19,118	16,975
Amount not attributable to common shareholders (Million Yen)	-	-
Profit attributable to owners of parent related to common shares (Million Yen)	19,118	16,975
Average number of common shares during the period (Thousand Shares)	292,581	288,618
Diluted net income per share		
Adjustments of profit attributable to owners of parent (Million Yen)	-	-
Increase in common shares (Thousand Shares)	163	113
(Share acquisition rights (Thousand Shares))	(163)	(113)
Outline of anti-dilutive potential shares excluded from the calculation of diluted net income per share	-	-

(Significant subsequent events)

The Company has resolved at the Board of Directors held on April 21, 2023, to submit a proposal for a share consolidation to the 7th Ordinary General Meeting of Shareholders scheduled on June 23, 2023.

1. Purpose of the share consolidation

The Company has issued 287,355,059 shares of common stock in total as of March 31, 2023, which is more than that of its comparable companies listed on the Tokyo Stock Exchange. The said share consolidation (“Share Consolidation”) is intended to improve such situation.

Share Consolidation is expected to make it easier to compare per-share indicators (e.g., earnings, net asset value) and stock price with other companies. Also, as it is set in the dividend policy “to stably increase the payout ratio in the range of 30% to 50%, with a target of 40%”, the Company believes that Share Consolidation will enhance flexibility in implementing the shareholder return policy, such as enabling more detailed setting of dividend per share and considering interim dividend.

A unit of shares will remain unchanged as the current 100 shares, since trading unit of all domestic listed companies is unified as 100 shares on Japanese stock exchanges.

2. Details of Share Consolidation

(1) Type of shares subject to Consolidation

Common Stock

(2) Consolidation ratio

Five shares will be consolidated into one share.

(Based on the number of shares held by shareholders listed or recorded in the shareholder register as of September 30, 2023)

(3) Effective date

October 1, 2023

(4) Total number of authorized shares as of the effective date

200,000,000 shares

As of the effective date, the Articles of Incorporation stipulating the authorized shares will be amended as follows pursuant to Article 182, Paragraph 2 of Japan’s Companies Act.

(The underlined indicates amendments)

Current Articles of Incorporation	After amendment
Article 6 (Total number of authorized shares) The total number of authorized shares of the Company shall be <u>one billion</u> .	Article 6 (Total number of authorized shares) The total number of authorized shares of the Company shall be <u>two hundred million</u> .

(5) Number of shares to be reduced by Consolidation

(1) Total number of shares outstanding before Consolidation (as of March 31, 2023)	287,355,059 shares
(2) Number of shares to be reduced by Consolidation	229,884,048 shares
(3) Total number of shares outstanding after Consolidation	57,471,011 shares

(Note) “Number of shares to be reduced by Consolidation” and “Total number of shares outstanding after the Consideration” are theoretical figures based on the total number of issued shares before Consolidation and the Consolidation ratio.

3. Effects on per share information

Per share information assuming that Share Consolidation occurred as of the beginning of the fiscal year ended March 31, 2023, would be as follows.

Net assets per share	4,717.02 yen
Profit per share	294.07 yen
Diluted net income per share	293.96 yen