

Consolidated Financial Results (Japanese Accounting Standards) for the Six Months Ended September 30, 2019 (Q2 FY 2019)

Company name: Itoham Yonekyu Holdings Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 2296
 URL: <http://www.itoham-yonekyu-holdings.com>
 Representative: Isao Miyashita, President and Representative Director
 Contact: Kenji Uchiyama, Manager, Investor Relations Section
 Tel. +81-3-5723-6885
 Scheduled date for filing of securities report: November 13, 2019
 Scheduled date of commencement of dividend payment: -
 Supplementary documents for financial results: Yes
 Quarterly results briefing: Yes (for analysts and institutional investors)

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Six Months Ended September 30, 2019 (April 1, 2019–September 30, 2019)

(1) Consolidated Results of Operations (Accumulated Total)

(% figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Six months ended								
September 30, 2019	432,400	1.4	9,371	17.9	10,296	19.6	6,927	14.3
September 30, 2018	426,425	2.3	7,949	-30.5	8,605	-31.4	6,058	-28.0

(Note) Comprehensive income: Six months ended September 30, 2019 5,652 million Yen (-21.2%)
 Six months ended September 30, 2018 7,169 million Yen (-4.0%)

	Net income per share	Fully diluted net income
	Yen	Yen
Six months ended		
September 30, 2019	23.45	23.43
September 30, 2018	20.49	20.48

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million Yen	Million Yen	%
As of September 30, 2019	384,582	224,780	58.1
As of March 31, 2019	393,392	224,074	56.6

(Reference) Shareholders' equity: As of September 30, 2019 223,434 million Yen
 As of March 31, 2019 222,765 million Yen

2. Dividends

	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, 2019	—	0.00	—	17.00	17.00
March 31, 2020	—	0.00			
For the fiscal year ending					
March 31, 2020 (Forecast)			—	17.00	17.00

(Note) Changes to most recent dividend forecast: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% figures show year-on-year change)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Full year	865,000	1.7	18,000	24.2	20,000	27.6	14,000	32.2	47.37

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

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2019	As of September 30, 2019
ASSETS		
Current assets		
Cash and deposits	34,944	32,830
Notes and account receivable - trade	98,769	87,941
Merchandise and finished goods	67,596	70,001
Work in process	1,740	1,837
Raw materials and supplies	19,571	23,310
Other	6,966	6,963
Allowance for doubtful accounts	(9)	(9)
Total current assets	229,580	222,424
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	36,938	36,704
Machinery, equipment and vehicles, net	31,515	30,567
Tools, furniture & fixtures, net	1,454	1,553
Land	25,323	24,993
Leased assets, net	1,543	3,122
Others, net	1,972	1,685
Total property, plant and equipment	98,747	98,625
Intangible assets		
Goodwill	22,576	21,812
Other	1,623	1,574
Total intangible assets	24,199	23,386
Investments and other assets		
Investment securities	24,912	23,848
Net defined benefit assets	9,162	9,770
Other	6,908	6,651
Allowance for doubtful receivables	(118)	(124)
Total investments and other assets	40,865	40,145
Total non-current assets	163,812	162,158
Total Assets	393,392	384,582

(Million Yen)

As of March 31, 2019 As of September 30, 2019

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	63,161	62,468
Electronically recorded obligations	1,671	1,602
Short-term loans payable	34,164	28,258
Current portion of Long-term loans	5,209	5,189
Income taxes payable	2,131	1,440
Provision for bonuses	4,724	3,679
Provision for directors' bonuses	96	69
Other	28,297	25,093
Total current liabilities	139,456	127,800
Non-current liabilities		
Long-term loans payable	21,052	20,960
Net defined benefit liability	1,668	1,671
Asset retirement obligation	1,206	1,210
Other	5,933	8,159
Total non-current liabilities	29,861	32,002
Total liabilities	169,317	159,802
Net assets		
Shareholder's equity		
Capital stock	30,003	30,003
Capital surplus	96,301	96,267
Retained earnings	95,374	97,280
Treasury stock	(1,849)	(1,687)
Total shareholder's equity	219,829	221,864
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	5,263	4,515
Deferred gains or losses on hedges	(928)	(816)
Foreign currency translation adjustment	(2,876)	(3,842)
Remeasurements of defined benefit plan	1,475	1,713
Total accumulated other comprehensive income	2,935	1,570
Subscription rights to shares	139	131
Non-controlling interests	1,169	1,214
Total net assets	224,074	224,780
Total liabilities and net assets	393,392	384,582

(2) Consolidated statements of income and comprehensive income

(Consolidated statements of income)

(April 1, 2019 – September 30, 2019)

(Million Yen)

	Six months ended September 30, 2018	Three months ended September 30, 2019
Net sales	426,425	432,400
Cost of goods sold	363,425	366,513
Gross profit	63,000	65,886
Selling, general and administrative expenses	55,050	56,515
Operating income	7,949	9,371
Non-operating income		
Interest income	48	62
Dividend income	128	141
Rent income	212	217
Equity in income of affiliates	207	409
Other	634	652
Total non-operating income	1,231	1,483
Non-operating expenses		
Interest expenses	496	435
Rent on real estate	67	75
Other	10	46
Total non-operating expenses	574	558
Ordinary income	8,605	10,296
Extraordinary income		
Gain on sales of non-current assets	2	43
Gain on sales of investment securities	518	78
Insurance income	213	171
Gain on step acquisitions	288	-
Other	-	13
Total extra-ordinary income	1,023	307
Extraordinary loss		
Loss on retirement of non-current assets	141	145
Loss on valuation of investment securities	13	-
Loss on disaster	269	82
Others	2	9
Total extra-ordinary expenses	427	237
Net income before taxes	9,201	10,365
Income taxes-current	2,522	2,273
Income taxes-deferred	572	1,082
Total income taxes	3,095	3,356
Net income	6,105	7,008
Income (loss) attributable to non-controlling interests	47	81
Income attributable to owners of parent	6,058	6,927

(Consolidated statements of comprehensive income)
(April 1, 2019 – September 30, 2019)

(Million Yen)

	Six months ended September 30, 2018	Three months ended September 30, 2019
Net income	6,105	7,008
Other comprehensive income		
Valuation difference on available-for-sale securities	1,198	(621)
Deferred gains or losses on hedges	(358)	111
Foreign currency translation adjustment	(104)	(794)
Remeasurements of defined benefit plan	(22)	289
Share of other comprehensive income of entities accounted for using equity method	350	(341)
Total other comprehensive income	1,063	(1,356)
Comprehensive income	7,169	5,652
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,117	5,562
Comprehensive income attributable to non-controlling interests	52	90

(3) Consolidated statements of Cash Flows

(Million Yen)

	Six months ended September 30, 2018	Three months ended September 30, 2019
Cash flows from operating activities		
Income before income taxes	9,201	10,365
Depreciation	4,545	5,324
Increase (decrease) in provision for bonuses	(2,184)	(1,045)
Amortization of goodwill	1,051	757
Interest and dividend income	(177)	(203)
Interest expenses	496	435
Insurance income	(308)	(451)
Loss on disaster	269	82
Equity in earnings of affiliates	(207)	(409)
Loss (gain) on step acquisitions	(288)	-
Loss (gain) on sales of investment securities	(518)	(77)
Decrease (increase) in notes and accounts receivable - trade	(9,339)	10,885
Decrease (increase) in inventories	(14,553)	(6,876)
Increase (decrease) in notes and accounts payable - trade	8,660	(529)
Increase (decrease) in notes and accounts payable	(1,237)	(1,670)
Increase (decrease) in net defined benefit liability	(19)	(8)
Decrease (increase) in net defined benefit asset	(369)	(172)
Other	(1,937)	97
Subtotal	(6,918)	16,503
Interest and dividend income received	2,411	299
Proceeds from insurance income	300	363
Interest expenses paid	(496)	(436)
Payments for loss on disaster	(3)	-
Income taxes paid	(4,653)	(5,759)
Net cash provided by (used in) operating activities	(9,360)	10,970
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,655)	(5,393)
Purchase of intangible assets	(152)	(209)
Purchases of Investments in Securities	(33)	(32)
Proceeds from Sales of Investments in Securities	686	207
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(71)	-
Proceeds from capital reduction with compensation	-	2,969
Payments of loans receivable	(119)	(151)
Proceeds from loans receivable	158	177
Other	149	248
Net cash provided by (used in) investing activities	(6,037)	(2,185)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	16,953	(5,023)
Proceeds from long-term loans payable	450	-
Repayment of long-term loans payable	(6,873)	(111)
Cash dividends paid	(5,015)	(5,014)
Other	(499)	(399)
Net cash provided by (used in) financing activities	5,013	(10,548)
Effect of exchange rate change on cash and cash equivalents	1,244	(350)
Net increase (decrease) in cash and cash equivalents	(9,140)	(2,114)
Cash and cash equivalents at beginning of period	29,284	34,643
Cash and cash equivalents at end of period	20,143	32,528