

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Half-year FY2024) (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
 Contact: Hideaki Shinohara, General Manager, Public & Investor Relations Office
 Tel. +81-3-5723-6889
 Scheduled date for filing of half year securities report: November 13, 2024
 Scheduled date of commencement of interim dividend payment: December 02, 2024
 Supplementary documents for financial results: Yes
 Quarterly results briefing: Yes

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024–September 30, 2024)

(1) Consolidated Results of Operations

(% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Six months ended								
September 30, 2024	490,914	4.4	8,806	(16.8)	9,037	(26.5)	6,264	(17.5)
September 30, 2023	470,141	4.9	10,580	(30.1)	12,298	(23.9)	7,589	(30.4)

(Note) Comprehensive income: Six months ended September 30, 2024 9,330 million Yen (28.0) %
 Six months ended September 30, 2023 12,952 million Yen (16.7) %

	Profit per share	Diluted profit per share
	Yen	Yen
Six months ended		
September 30, 2024	110.43	110.40
September 30, 2023	133.25	133.20

(Note) As the effective date on October 1 2023, we have completed a share consolidation (combining 5 shares of common stock into 1 share).

In regard to above Profit per share and Diluted profit per share, it shows on the assumption of the share consolidation be carried out at the beginning of previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million Yen	Million Yen	%	Yen
As of September 30, 2024	479,312	287,594	59.9	
As of March 31, 2024	462,570	285,326	61.5	

(Reference) Shareholders' equity: As of September 30, 2024 286,886 million Yen
 As of March 31, 2024 284,616 million Yen

2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2024	—	0.00	—	125.00	—
March 31, 2025	—	70.00	—	—	—
Fiscal year ending					
March 31, 2025			—	75.00	145.00
(Forecast)					

(Note) Changes to most recent dividend forecast : None

(Note) As the effective date on October 1 2023, we have completed a share consolidation (combining 5 shares of common stock into 1 share).

The Total annual dividend for the Fiscal year ended March 31, 2024 is shown as "—" because a simple sum is not appropriate.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025

(April 1, 2024 to March 31, 2025)

(% figures show year-on-year change)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Full year	985,000	3.1	22,500	0.7	24,000	(7.8)	15,000	(3.6)	264.44

(Note) Changes to most recent financial results forecast : None

(Translated)

* 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 consolidation 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 : YES
 - (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:
- | | | |
|----------------------------|------------|--------|
| As of September 30, 2024 : | 57,471,011 | shares |
| As of March 31, 2024 : | 57,471,011 | shares |
- (ii) Numbers of treasury shares at end of period:
- | | | |
|----------------------------|---------|--------|
| As of September 30, 2024 : | 736,450 | shares |
| As of March 31, 2024 : | 756,164 | shares |
- (iii) Average number of shares outstanding during period:
- | | | |
|----------------------------|------------|--------|
| As of September 30, 2024 : | 56,724,227 | shares |
| As of September 30, 2023 : | 56,953,691 | shares |

(Note) As the effective date on October 1 2023, we have completed a share consolidation (combining 5 shares of common stock into 1 share).

In regard to above (iii), it shows on the assumption of the share consolidation be carried out at the beginning of the previous fiscal year.

* Review of the accompanying consolidated financial statements by a certified public accountant or an auditing firm : None

* 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.

(Access to Supplementary Explanations)

We will disclose the materials on TD-net and our website on the same days as this financial results.

Then we plan to hold a briefing for institutional investors and analysts via web conference on Thursday November 7, 2024.

Contents

1. Overview of Operating Results and Financial Position	2
(1) Overview of operating results	2
(2) Overview of financial positions	3
2. Consolidated Financial Statements and Key Notes	4
(1) Consolidated balance sheets	4
(2) Consolidated statements of income and comprehensive income	6
(3) Consolidated statements of cash flows	8
(4) Notes to consolidated financial statements	9
(Notes on going concern assumptions)	9
(Notes on the case of significant changes in shareholders' equity)	9
(Notes on Changes in Accounting Policies)	10
(Notes on Segment information, etc.)	10

1. Overview of Operating Results and Financial Position

(1) Overview of operating results

○Our operating results and overview

◇Consolidated operating results

(% figures show year-on-year change)

Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
490,914	4.4	8,806	(16.8)	9,037	(26.5)	6,264	(17.5)

In a difficult business environment with remaining high raw material prices and rising logostocs costs, sales increased by rising meat market price and performed price revisions for processed foods, however operating profit, ordinary profit, and profit attributable to owners of parent all decreased due to the impact of reduced profits in the meat division, etc.

◇Operating results by reportable segment

(% figures show year-on-year change)

	Net Sales		Ordinary profit	
	Million Yen	%	Million Yen	%
Processed Food Division	197,433	3.4	3,929	13.1
Meat Division	293,473	5.1	5,849	(38.4)

<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.
- Regarding Cooked foods, net sales increased driven by expanded sales of Pizza, Hamburg patty and Meat balls to meet diversified consumer needs.
- Net sales and ordinary profit of the Processed food division increased, because the effect of price revisions covered up with rising utility cost and logistics cost.

<Meat Division>

- In domestic business, net sales increased. However ordinary profits have decreased by influence of high-priced domestic and imported beef caused by a decline in consumer confidence, also decreasing in profits in the farm business caused by remaining the high feeding cost for domestic chicken business.
- In overseas business, ANZCO Foods showed an increase in net sales, however ordinary profits decreased due to rising labor cost and utility cost, also having influence of sluggish exports to China.
- Net sales of Meat Division increased, however ordinary profit decreased due to remain in a difficult situation for both domestic and

* For details on the overview of operating results, etc., please refer to the financial results briefing materials disclosed on TD-net today.

(2) Overview of financial positions

(Assets, Liabilities and Net assets)

- Total assets was 479,312 million yen, an increase of 16,741 million yen from the end of the previous consolidated fiscal year.
Increase factors: Increase in Inventories
- Liabilities was 191,717 million yen, an increase of 14,472 million yen from the end of the previous consolidated fiscal year.
Increase factors: Increase in Short-term borrowings
- Net assets was 287,594 million yen, an increase of 2,268 million yen from the end of the previous consolidated fiscal year.
Increase factors: increase in Foreign Currency Translation Reserve

(Cash flows)

- The balance of cash and cash equivalents at end of period was 20,419 million yen, a decrease of 2,498 million yen from the end of the previous consolidated fiscal year (An increase of 2,522 million yen in the same quarter previous year).
- Cash flows from operating activities decreased by 9,189 million yen (A decrease of 4,936 million yen in the same quarter previous year).
Decrease factors: Increase in Inventories and decrease in trade payable
Increase factors: Increase in trade receivables
- Cash flows from investing activities decreased by 8,029 million yen (A decrease of 8,847 million yen in the same quarter previous year).
Decrease factors: Acquisition of tangible assets
- Cash flows from financing activities increased by 14,013 million yen (An increase of 15,902 million yen in the same quarter previous year).
Increase factors: Increase in Short-term borrowings
Decrease factors: Dividends paid

(3) Outlook

There are no changes to the consolidated results forecasts for the full year of the fiscal year ending March 31, 2025 that were announced on October 25, 2024.

2. Consolidated Financial Statements and Key Notes

(1) Consolidated balance sheets

(Million Yen)

	As of March 31, 2024	As of September 30, 2024
ASSETS		
Current assets		
Cash and deposits	23,225	20,826
Notes and accounts receivable-trade	110,986	101,995
Merchandise and finished goods	100,198	119,853
Work in process	1,981	2,218
Raw materials and supplies	23,292	31,721
Other	12,381	10,689
Allowance for doubtful accounts	(28)	(71)
Total current assets	272,036	287,231
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	38,945	38,797
Machinery, equipment and vehicles, net	32,344	31,856
Tools, furniture & fixtures, net	1,751	1,701
Land	26,720	27,126
Leased assets, net	2,862	2,980
Others, net	2,641	3,740
Total property, plant and equipment	105,265	106,203
Intangible assets		
Goodwill	16,798	16,120
Other	8,412	9,759
Total intangible assets	25,210	25,880
Investments and other assets		
Investment securities	34,699	33,687
Retirement benefit asset	18,625	19,484
Other	7,510	7,600
Allowance for doubtful accounts	(777)	(775)
Investments and other assets	60,058	59,996
Total non-current assets	190,534	192,080
Total Assets	462,570	479,312

(Million Yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	73,830	72,728
Electronically recorded obligations - operating	1,347	1,311
Short-term borrowings	39,815	64,660
Current portion of Long-term borrowings	106	100
Income taxes payable	3,892	1,425
Provision for bonuses	6,365	4,248
Provision for bonuses for directors (and other officers)	169	84
Other	35,706	30,177
Total current liabilities	161,234	174,736
Non-current liabilities		
Long-term borrowings	340	290
Retirement benefit liability	1,600	1,571
Asset retirement obligations	1,277	1,279
Other	12,792	13,839
Total non-current liabilities	16,010	16,980
Total liabilities	177,244	191,717
Net assets		
Shareholders' equity		
Capital stock	30,003	30,003
Capital surplus	89,430	89,442
Retained earnings	148,784	147,959
Treasury shares	(2,793)	(2,720)
Total shareholders' equity	265,424	264,684
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,228	9,627
Deferred gains or losses on hedges	(366)	(1,049)
Foreign currency translation adjustment	6,309	9,874
Remeasurements of defined benefit plans	4,019	3,749
Total accumulated other comprehensive income	19,191	22,201
Share acquisition rights	77	66
Non-controlling interests	632	641
Total net assets	285,326	287,594
Total liabilities and net assets	462,570	479,312

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

(Million Yen)

	Six months Ended September 30, 2023 (Apr 1, 2023 - Sep 30, 2023)	Six months Ended September 30, 2024 (Apr 1, 2024 - Sep 30, 2024)
Net sales	470,141	490,914
Cost of sales	405,179	425,165
Gross profit	64,961	65,749
Selling, general and administrative expenses	54,381	56,942
Operating profit	10,580	8,806
Non-operating Income		
Interest income	125	131
Dividend income	151	155
Rental income	225	212
Subsidy income	1,678	96
Share of profit of entities accounted for using equity method	-	537
Other	551	370
Total non-operating income	2,732	1,503
Non-operating expenses		
Interest expenses	792	1,172
Rental expenses on real estate	69	65
Share of loss in investments accounted for using the equity method	128	-
Other	24	34
Total non-operating expenses	1,014	1,272
Ordinary profit	12,298	9,037
Extraordinary income		
Gain on sale of non-current assets	1	25
Gain on sale of investment securities	1	203
Gain on reversal of provision incurred from business combination	550	-
Other	-	0
Total extraordinary income	552	229
Extraordinary losses		
Loss on retirement of non-current assets	99	101
Impairment loss	-	10
Loss on disaster	248	-
Loss on closing plants	823	-
Loss on valuation of investment securities	-	37
Others	6	0
Total extraordinary losses	1,178	149
Profit before income taxes	11,673	9,117
Income taxes-current	3,636	1,295
Income taxes-deferred	425	1,523
Total income taxes	4,061	2,819
Profit	7,611	6,297
Profit attributable to non-controlling interests	22	33
Profit attributable to owners of parent	7,589	6,264

Consolidated statements of comprehensive income

(Million Yen)

	Six months Ended September 30, 2023 (Apr 1, 2023 - Sep 30, 2023)	Six months Ended September 30, 2024 (Apr 1, 2024 - Sep 30, 2024)
Profit	7,611	6,297
Other comprehensive income		
Valuation difference on available-for- sale securities	764	397
Deferred gains or losses on hedges	536	(682)
Foreign currency translation adjustment	2,213	4,201
Remeasurements of defined benefit plans	678	(253)
Share of other comprehensive income of entities accounted for using equity method	1,147	(629)
Total other comprehensive income	5,340	3,032
Comprehensive income	12,952	9,330
(Breakdown)		
Comprehensive income attributable to owners of parent	12,904	9,274
Comprehensive income attributable to non-controlling interests	47	56

(3) Consolidated statements of cash flows

(Million Yen)

	Six months Ended September 30, 2023 (Apr 1, 2023 - Sep 30, 2023)	Six months Ended September 30, 2024 (Apr 1, 2024 - Sep 30, 2024)
Cash flows from operating activities		
Profit before income taxes	11,673	9,117
Depreciation	5,904	6,438
Impairment losses	-	10
Increase (decrease) in provision for bonuses	(1,732)	(2,116)
Amortization of goodwill	797	805
Interest and dividend income	(277)	(286)
Interest expenses	792	1,172
Insurance claim income	(222)	(37)
Subsidy income	(1,678)	(96)
Loss on disaster	248	-
Gain on reversal of provision incurred from business combination	(550)	-
Loss on closing plants	823	-
Share of loss (profit) of entities accounted for using equity method	128	(537)
Loss (gain) on sale of investment securities	3	(203)
Decrease (increase) in trade receivables	(17,128)	10,390
Decrease (increase) in inventories	(18,201)	(24,989)
Increase (decrease) in trade payables	11,568	(2,054)
Increase (decrease) in accounts payable - other	5,216	(2,181)
Increase (decrease) in retirement benefit liability	4	(37)
Decrease (increase) in retirement benefit asset	(824)	(1,219)
Other	1,137	(1,953)
Subtotal	(2,317)	(7,780)
Interest and dividends received	844	1,139
Proceeds from insurance income	221	38
Subsidies received	828	131
Interest paid	(792)	(1,172)
Payments associated with disaster loss	(577)	-
Payments associated with Loss on closing plants	-	(44)
Income taxes paid	(3,143)	(1,501)
Net cash provided by (used in) operating activities	(4,936)	(9,189)
Cash flows from investing activities		
Acquisition of tangible assets	(7,704)	(7,334)
Acquisition of intangible assets	(1,020)	(1,498)
Acquisition of investment securities	(32)	(20)
Proceeds from sale and redemption of investment securities	49	415
Loan advances	(118)	(119)
Proceeds from collection of loans receivable	97	104
Payments for acquisition of businesses	(70)	-
Other	(46)	423
Net cash provided by (used in) investing activities	(8,847)	(8,029)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	23,323	21,701
Repayments of long-term borrowings	(64)	(56)
Purchase of treasury shares	(0)	(2)
Dividends paid	(6,823)	(7,081)
Other	(532)	(547)
Net cash provided by (used in) financing activities	15,902	14,013
Effect of exchange rate change on cash and cash equivalents	403	707
Net increase (decrease) in cash and cash equivalents	2,522	(2,498)
Cash and cash equivalents at beginning of period	22,359	22,917
Cash and cash equivalents at end of period	24,882	20,419

(4) Notes to consolidated financial statements

(Notes on going concern assumptions)

Not applicable.

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

Not applicable.

(Notes on Changes in Accounting Policies)

(Application of "Accounting Standard for Current Income Taxes")

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, "Revised Accounting Standard 2022"), etc. has been applied since the beginning of the half year of the fiscal year ending March 31, 2025.

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, "Revised Guidance 2022"). The change in accounting policies had no impact on the consolidated financial statements for the half year under review. With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the half year under review. The change in accounting policies was applied retrospectively to the consolidated financial statements for the half year of the previous fiscal year and the entire previous fiscal year. The change in the accounting policies had no impact on the consolidated financial statements for the half year of

(Notes on Segment information, etc.)

I For the Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

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

	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							
Sales to outside customers	191,010	279,124	470,134	6	470,141	-	470,141
Intersegment sales and transfers	18,906	34,932	53,839	443	54,282	(54,282)	-
Total	209,916	314,057	523,973	450	524,423	(54,282)	470,141
Segment profit (loss)	3,474	9,499	12,973	(174)	12,798	(499)	12,298

(Note)

- "Others" segment which is not included in the reportable segments such as human resource and payroll related services.
- Adjustment on segment profit is mainly due to the amortization of goodwill of (694) million yen
- Segment profit (loss) is adjusted to ordinary profit in the quarterly consolidated statements of income.

II For the Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

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

	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							
Sales to outside customers	197,433	293,473	490,906	7	490,914	-	490,914
Intersegment sales and transfers	18,234	38,472	56,707	468	57,176	(57,176)	-
Total	215,668	331,945	547,613	476	548,090	(57,176)	490,914
Segment profit (loss)	3,929	5,849	9,778	19	9,798	(760)	9,037

(Note)

- "Others" segment which is not included in the reportable segments such as human resource and payroll related services.
- Adjustment on segment profit is mainly due to the amortization of goodwill of (694) million yen
- Segment profit (loss) is adjusted to ordinary profit in the quarterly consolidated statements of income.

2. Matters related to changes in reportable segments, etc.

From this first quarter, there has been a transfer of sales to outside customers between segments and a transfer of segment profits or losses between segments due to changes in the department responsible for expenses, etc.

Segment information for the previous fiscal year shows by the above changes.