

# Consolidated Financial Results

## for the Fiscal Year Ended March 31, 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>  
 Representative: Isao Miyashita, President and Representative Director  
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 Scheduled date for general shareholders' meeting: June 24, 2022  
 Scheduled date for filing of securities report: June 24, 2022  
 Scheduled date of commencement of dividend payment: June 06, 2022  
 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, 2022 (April 1, 2020–March 31, 2022)

##### (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, 2022	854,374	—	24,611	—	28,596	—	19,118	—
March 31, 2021	842,675	-1.1	24,018	39.1	27,000	38.2	20,204	76.6

(Note) Comprehensive income: The fiscal year ended March 31, 2022 21,979 million Yen (—%)  
 The fiscal year ended March 31, 2021 25,209 million Yen (136.5%)

	Profit (loss) per share	Diluted net income per share	Net income to shareholder's equity	Ordinary Income to assets	Operating income to net sales
	Yen	Yen	%	%	%
For the fiscal year ended March 31, 2022	65.34	65.31	7.5	7.1	2.9
March 31, 2021	68.61	68.57	8.5	6.9	2.9

(Reference) Equity in income or losses of affiliates: The Fiscal Year Ended March 31, 2022 605 million Yen  
 The Fiscal Year Ended March 31, 2021 1,040 million Yen

(Note) As the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2022, the figures for the first nine months of the fiscal year ending March 31, 2022 are after the application of the said accounting standard, etc., and 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, 2022	413,123	262,740	63.4	897.66
As of March 31, 2021	394,086	247,648	62.7	843.52

(Reference) Shareholders' equity: As of March 31, 2022 262,023 million Yen  
 As of March 31, 2021 246,931 million Yen

(Note) The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29), etc. has been applied since the beginning of the six months of the consolidated fiscal year under review. As a result, the accounting treatment of revenue differs from that of the six months of the previous fiscal year.

##### (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, 2022	18,473	-11,251	-10,653	47,690
March 31, 2021	40,862	-10,837	-21,097	50,651

#### 2. Dividends

	Dividend per share					Total amount of cash dividends (annual)	Dividend payout ratio (consolidated)	Ratio of total amount of dividends to shareholders' equity
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal quarter-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
For the fiscal year ended March 31, 2021	—	0.00	—	21.00	21.00	6,147	30.6	2.6
March 31, 2022	—	0.00	—	23.00	23.00	6,713	35.2	2.6
For the fiscal year ending March 31, 2023 (Forecast)	—	0.00	—	24.00	24.00		46.7	

**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
Second quarter-end (Cumulative)	422,000	1.0	11,500	-20.6	13,000	-21.4	8,500	-28.0	29.12
Full year	865,000	1.2	21,000	-14.7	24,000	-16.1	15,000	-21.5	51.39

\* 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: Yes
- (ii) Other Changes in accounting policies: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None
- (Note) For details, please see “(5) Notes on consolidated financial statements, (Change in accounting policies)” under “3. Consolidated Financial Statements and Key Notes” on page 11.
- (3) Numbers of shares outstanding (common stock)
- (i) Numbers of issued shares at end of period:
- Year ended March 31, 2022: 297,335,059 shares
- Year ended March 31, 2021: 297,335,059 shares
- (ii) Numbers of treasury shares at end of period:
- Year ended March 31, 2022: 5,458,762 shares
- Year ended March 31, 2021: 4,616,157 shares
- (iii) Average number of shares outstanding during period:
- Year ended March 31, 2022: 292,581,811 shares
- Year ended March 31, 2021: 294,497,098 shares

(Reference) Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2020–March 31, 2022)

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

	Operating revenue		Operating profit		Ordinary profit		net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
For the fiscal year ended March 31, 2022	21,300	55.0	15,788	56.8	15,854	55.4	14,358	39.6
March 31, 2021	13,738	-21.1	10,071	-27.4	10,202	-27.0	10,282	-25.5

	Profit (loss) per share	Diluted net income per share
	Yen	Yen
For the fiscal year ended March 31, 2022	49.08	49.05
March 31, 2021	34.92	34.90

(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, 2022	230,345		200,684		87.1	687.11
As of March 31, 2021	225,231		193,021		85.6	658.91

(Reference) Shareholders' equity: As of March 31, 2022 200,565 million Yen  
As of March 31, 2021 192,889 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 11, 2022. Supplementary information will be published on TD-net for viewing in Japan and on our website.

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## 1. Overview of Operating Results and Financial Position

The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. has been applied from the beginning of the fiscal year under review. As a result, the accounting treatment of revenue differs from that of the previous fiscal year. Therefore, the explanation is provided without stating the amount of change or the year-on-year comparison (%) in the following (1) Overview of operating results for the fiscal year ended March 31, 2022. For the amount of change corrected to the same accounting standards and the comparison with the previous year, please refer to the supplementary materials.

### (1) Overview of operating results

During the fiscal year under review, the Japanese economy showed some signs of recovery due to the normalization of socioeconomic activities while taking thorough countermeasures against COVID-19, despite the continuing concerns over the spread of COVID-19. However, the outlook remains uncertain due to the widespread impact of rising crude oil prices and commodity prices.

In the industry where Itoham Yonekyu Holdings Inc. (the "Company") and its subsidiaries (collectively the "Group") operate, the business environment remained harsh because of soaring raw material and energy prices, as well as high logistics and labor costs. In addition, the Company is required to respond to rapidly changing and diversifying consumer needs and values, such as change in consumer behavior and accelerating digitalization under the COVID-19 situation, and growing interest in sustainability.

In this environment, the Group is executing product and sales strategies that properly and promptly respond to changes in the world. To fulfill its supply responsibilities as a food manufacturer, the Group operates in an environment that allows each employee to practice a variety of work styles in a safe and secure manner, while continuing thorough countermeasures against COVID-19. In addition, the Group has developed the Medium-Term Management Plan 2023 for the period of three years starting from fiscal year 2021, setting the Group philosophy as "We will contribute to achieving a sound and affluent society through business" and the vision of becoming "a leading food company that emphasizes the spirit of fairness, rises to the challenge of transformation and achieves sustainable growth with its employees." Under this philosophy and vision, the Group also set four priority policies: strengthening its management base, strengthening its earnings base, pursuing initiatives for new businesses and markets and taking initiatives for sustainability. Specifically, the Group is taking measures including reorganization into business segment unit based on strategy to maximize integration effects; promotion of operational efficiency through digital strategies utilizing RPA and expense management systems, etc.; and switch the packaging from drawstring bag form to eco-friendly one for the products such as "The GRAND Alt Bayern."

Focusing on return on invested capital (ROIC) as a quantitative indicator in the Medium-Term Management Plan 2023, the Group targets to improve it to 6.8% during the such period. The Group has also committed to implement shareholder return policies in consideration of financial soundness and capital efficiency. To maximize shareholder value, the Company increase dividends steadily within the payout ratio ranging from 30% to 50%, with targeting payout ratio to be approx. 40%.

As mentioned above, the Company implemented efforts to respond to changes in the business environment, and it recorded net sales of 854,374 million yen, operating income of 24,611 million yen, ordinary income of 28,596 million yen, and net income attributable to owners of parent of 19,118 million yen for the fiscal year under review.

The results by reportable segment are as outlined below.

#### <Processed food division>

With regard to hams and sausages, net sales remained almost flat year on year. Although there was positive impact from the efforts to expand sales of the main products for home use such as The Grand Alt Bayern, Asano Fresh Series, Pork Bits, Gotenba Kogen Arabiki Pork, and Genkei Bacon Block Series, by launching TV commercials and conducting consumer campaigns, beside the impact from the sales growth of roast beef for business use, they were offset by the impact of reviewing unprofitable products to improve profitability.

In processed food, net sales increased due to sales growth in products that respond to diversifying consumer needs, such as Umazutsumi Volume Rich Hamburg and the soy-meat-based Marude Oniku! series and higher sales of

commercial-use products for food service companies, in addition to the solid growth in Pizza products such as La Pizza and Pizza Garden.

As for gifts, sales of cooked food gifts grew as a result of efforts to expand sales centering on the Densho series by launching TV commercials with a new concept. However, overall gift sales volume and net sales were lower than the previous year due to the impact of the shrinking market as a whole.

As a result of the above, the processed food division recorded net sales of 302,309 million yen, and operating income of 11,086 million yen affected by soaring raw materials and energy prices.

#### <Meat division>

In domestic businesses, despite a lower demand for home cooking food, net sales increased due to sales volume growth of imported chicken products for commercial use and domestic chicken products for mass merchandisers, as well as remained high market prices of imported and domestic beef. On the other hand, profits declined, partly due to higher procurement prices resulting from increased market prices and continued congestion in marine container transport.

As for overseas businesses, both net sales and profits increased due to ANZCO Foods Ltd.'s efforts to focus on profitability for procurement and sales, in addition to strong demand for meat products overseas.

As a result, the meat division recorded net sales of 547,843 million yen and operating income of 14,860 million yen.

### (2) Overview of financial positions

Total assets at the end of the fiscal year under review was 413,123 million yen, an increase of 19,036 million yen from the end of the previous fiscal year. This mainly reflects an increase in inventories.

Liabilities totaled 150,383 million yen, an increase of 3,944 million yen from the end of the previous fiscal year. This was mainly due to an increase in notes and accounts payable - trade and a decrease in loans payable.

Net assets was 262,740 million yen increased by 15,091 million yen from the end of the previous fiscal year. This was primarily attributable to an increase in retained earnings.

Due to the application of the Revenue Recognition Accounting Standard, etc., the beginning balance of retained earnings decreased 155 million yen.

### (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 2,961 million yen from the end of the previous fiscal year (an increase of 8,879 million yen in the previous fiscal year) to 47,690 million yen.

#### ◇Cash flows from operating activities

Operating activities increased funds by 18,473 million yen (an increase of 40,862 million yen in the previous fiscal year). Main positive factor was net income before taxes, while the main negative factors were an increase in inventories and payments of income taxes.

#### ◇Cash flows from investing activities

Investing activities decreased funds by 11,251 million yen (a decrease of 10,837 million yen in the previous fiscal year). The decrease was mainly due to purchase of property, plant and equipment, including the renewal of facilities.

#### ◇Cash flows from financing activities

Financing activities decreased funds by 10,653 million yen (a decrease of 21,097 million yen in the previous period). The decrease was mainly due to a decrease in loans payable and payment of dividends.

### (4) Outlook

	Net sales (Million Yen)	Operating income (Million Yen)	Ordinary income (Million Yen)	Net income attributable to owners of parent (Million Yen)	Net income per share (Yen)
For the fiscal year ending March 31, 2023	865,000	21,000	24,000	15,000	51.39
For the fiscal year ended March 31, 2022	854,374	24,611	28,596	19,118	65.34
Percentage change (%)	1.2	-14.7	-16.1	-21.5	

As for the outlook, the Company expects that the economic situation will remain unpredictable due to the factors such as the impact of COVID-19 and heightened geopolitical risks. The industry is also expected to have a difficult situation in which cost increase will likely to exceed the prices increase of the products amid continuing hike in raw materials and energy prices, in addition to a rapid yen depreciation. In addition, consumer needs and values are likely to further change and diversify as society's digitalization accelerates and sustainability initiatives draw attention even more.

Under these circumstances, the Group will continue to strengthen its management and earnings bases based on the Medium-Term Management Plan 2023 to adapt to changes in the business environment and demonstrate its strengths. In addition to responding to new market needs, the Group will take socially and environmentally friendly initiatives to enhance its competitiveness and growth potential.

Based on the above, the Company expects consolidated net sales of 865.0 billion yen, operating income of 21.0 billion yen, ordinary income of 24.0 billion yen, and net income attributable to owners of parent of 15.0 billion yen for the next fiscal year.

## **2. Basic Concept for the Selection of Accounting Standards**

For the time being, the Group's prepares its consolidated financial statements in accordance with Japanese GAAP, considering the comparability of the consolidated financial statements from period to period 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.

(Million Yen)

	The Fiscal Year Ended March 31, 2021 (Apr 1, 2020 - Mar 31, 2021)	The Fiscal Year Ended March 31, 2022 (Apr 1, 2021 - Mar 31, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	29,113	28,213
Depreciation	11,519	11,474
Impairment losses	165	115
Increase (decrease) in provision for bonuses	1,116	219
Amortization of goodwill	1,483	1,428
Interest and dividend income	(385)	(482)
Interest expenses	360	318
Insurance claim income	(3,218)	(460)
Loss on liquidation of subsidiaries	139	-
Subsidy income	(1,244)	(1,880)
Share of loss (profit) of entities accounted for using equity meth	(1,040)	(605)
Loss (gain) on sale of investment securities	464	(53)
Decrease (increase) in trade receivables	1,293	(1,682)
Decrease (increase) in inventories	8,043	(12,345)
Increase (decrease) in trade payables	(4,821)	5,420
Increase (decrease) in accounts payable - other	709	469
Increase (decrease) in retirement benefit liability	(132)	(82)
Decrease (increase) in retirement benefit asset	(708)	(1,817)
Other	(1,754)	(1,521)
<b>Subtotal</b>	<b>41,103</b>	<b>26,727</b>
Interest and dividends received	625	1,136
Proceeds from insurance income	3,227	464
Subsidies received	1,033	1,749
Interest paid	(360)	(318)
Payments associated with disaster loss	(77)	(60)
Income taxes paid	(4,688)	(11,226)
<b>Net cash provided by (used in) operating activities</b>	<b>40,862</b>	<b>18,473</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(9,685)	(9,039)
Purchase of intangible assets	(1,226)	(2,189)
Purchase of investment securities	(73)	(169)
Proceeds from sale and redemption of investment securities	714	106
Loan advances	(237)	(236)
Proceeds from collection of loans receivable	235	419
Other	(564)	(143)
<b>Net cash provided by (used in) investing activities</b>	<b>(10,837)</b>	<b>(11,251)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(3,192)	(2,795)
Repayments of long-term borrowings	(10,179)	(155)
Purchase of treasury shares	(1,478)	(649)
Purchase of treasury shares of subsidiaries	(321)	-
Dividends paid	(5,009)	(6,144)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(6)	-
Repayments of lease liabilities	(866)	(872)
Other	(44)	(36)
<b>Net cash provided by (used in) financing activities</b>	<b>(21,097)</b>	<b>(10,653)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(48)</b>	<b>471</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>8,879</b>	<b>(2,961)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>41,771</b>	<b>50,651</b>
<b>Cash and cash equivalents at end of period</b>	<b>50,651</b>	<b>47,690</b>

(Million Yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	56,615	62,351
Electronically recorded obligations - operating	1,660	1,747
Short-term borrowings	25,704	24,407
Current portion of Long-term borrowings	155	144
Lease obligations	813	752
Accounts payable-other	21,768	22,609
Income taxes payable	4,149	2,891
Accrued consumption taxes	508	904
Provision for bonuses	6,397	6,617
Provision for bonuses for directors (and other officers)	147	151
Provision for loss on disaster	467	329
Other	4,653	3,627
<b>Total current liabilities</b>	<b>123,041</b>	<b>126,533</b>
<b>Non-current liabilities</b>		
Long-term borrowings	10,717	10,572
Lease obligations	2,193	1,975
Deferred tax liabilities	4,253	5,143
Retirement benefit liability	1,725	1,706
Asset retirement obligations	1,475	1,490
Other	3,031	2,961
<b>Total non-current liabilities</b>	<b>23,396</b>	<b>23,849</b>
<b>Total liabilities</b>	<b>146,438</b>	<b>150,383</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	30,003	30,003
Capital surplus	96,624	96,615
Retained earnings	116,989	129,805
Treasury shares	(3,624)	(4,150)
<b>Total shareholder's equity</b>	<b>239,992</b>	<b>252,273</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	7,298	6,727
Deferred gains or losses on hedges	(329)	151
Foreign currency translation adjustment	(3,073)	(684)
Remeasurements of defined benefit plans	3,042	3,556
<b>Total accumulated other comprehensive income</b>	<b>6,939</b>	<b>9,750</b>
<b>Share acquisition rights</b>	<b>131</b>	<b>118</b>
<b>Non-controlling interests</b>	<b>585</b>	<b>598</b>
<b>Total net assets</b>	<b>247,648</b>	<b>262,740</b>
<b>Total liabilities and net assets</b>	<b>394,086</b>	<b>413,123</b>

(Million Yen)

	The Fiscal Year Ended March 31, 2021 (Apr 1, 2020 - Mar 31, 2021)	The Fiscal Year Ended March 31, 2022 (Apr 1, 2021 - Mar 31, 2022)
<b>Net sales</b>	842,675	854,374
<b>Cost of sales</b>	702,695	722,470
<b>Gross profit</b>	139,979	131,904
<b>Selling, general and administrative expenses</b>	115,961	107,292
<b>Operating profit</b>	24,018	24,611
<b>Non-operating Income</b>		
Interest income	56	43
Dividend income	328	439
Rental income	423	433
Insurance claim income	214	325
Subsidy income	1,244	1,880
Share of profit of entities accounted for using equity method	1,040	605
Other	573	900
<b>Total non-operating income</b>	3,882	4,628
<b>Non-operating expenses</b>		
Interest expenses	360	318
Rental expenses on real estate	143	137
Other	395	187
<b>Total non-operating expenses</b>	900	644
<b>Ordinary profit</b>	27,000	28,596
<b>Extraordinary income</b>		
Gain on sale of non-current assets	476	5
Gain on sale of investment securities	10	57
Insurance claim income	3,003	134
Gain on donation of non-current assets	-	906
Other	-	24
<b>Total extraordinary income</b>	3,490	1,128
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	587	449
Loss on sale of investment securities	475	3
Impairment loss	165	115
Loss on tax purpose reduction entry of non-current assets	-	904
Loss on liquidation of subsidiaries	139	-
Others	8	38
<b>Total extraordinary losses</b>	1,377	1,510
<b>Profit before income taxes</b>	29,113	28,213
Income taxes-current	8,367	8,374
Income taxes-deferred	451	672
<b>Total income taxes</b>	8,819	9,047
<b>Profit</b>	20,294	19,166
<b>Profit attributable to non-controlling interests</b>	89	48
<b>Profit attributable to owners of parent</b>	20,204	19,118

## Consolidated statements of comprehensive income

(Million Yen)

	The Fiscal Year Ended March 31, 2021 (Apr 1, 2020 - Mar 31, 2021)	The Fiscal Year Ended March 31, 2022 (Apr 1, 2021 - Mar 31, 2022)
<b>Profit</b>	20,294	19,166
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,449	(612)
Deferred gains or losses on hedges	26	480
Foreign currency translation adjustment	441	1,490
Remeasurements of defined benefit plans	1,651	457
Share of other comprehensive income of entities accounted for using equity method	346	995
<b>Total other comprehensive income</b>	4,915	2,812
<b>Comprehensive income</b>	25,209	21,979
(Breakdown)		
Comprehensive income attributable to owners of parent	25,141	21,929
Comprehensive income attributable to non-controlling interests	68	49

## (3) Consolidated statement of changes in equity

Year Ended March 31, 2021 (Apr. 1, 2020 - Mar. 31, 2021)

(Million Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	30,003	96,267	101,792	(2,293)	225,770
Changes during period					
Dividends of surplus			(5,007)		(5,007)
Profit attributable to owners of parent			20,204		20,204
Purchase of treasury shares				(1,478)	(1,478)
Disposal of treasury shares		(29)		147	117
Change in ownership interest of parent due to transactions with non-controlling interests		386			386
Net changes in items other than shareholders' equity					
Total changes during period	—	357	15,196	(1,331)	14,222
Balance at end of period	30,003	96,624	116,989	(3,624)	239,992

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling 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 beginning of period	4,823	(355)	(3,767)	1,301	2,002	131	1,275	229,178
Changes during period								
Dividends of surplus								(5,007)
Profit attributable to owners of parent								20,204
Purchase of treasury shares								(1,478)
Disposal of treasury shares								117
Change in ownership interest of parent due to transactions with non-controlling interests							(714)	(327)
Net changes in items other than shareholders' equity	2,475	26	694	1,741	4,936		24	4,961
Total changes during period	2,475	26	694	1,741	4,936	—	(689)	18,469
Balance at end of period	7,298	(329)	(3,073)	3,042	6,939	131	585	247,648

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

(Million Yen)

	Shareholders' equity				
	Share capital	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 of surplus			(6,147)		(6,147)
Profit attributable to owners of parent			19,118		19,118
Purchase of treasury 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	Non-controlling 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 of surplus								(6,147)
Profit attributable to owners of parent								19,118
Purchase of treasury 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

## (1) Consolidated balance sheets

(Million Yen)

	As of March 31, 2021	As of March 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	50,952	47,991
Notes and accounts receivable-trade	86,591	–
Notes	–	83
Accounts receivable-trade	–	88,924
Merchandise and finished goods	63,313	74,814
Work in process	1,745	1,713
Raw materials and supplies	17,174	19,037
Other	6,617	10,848
Allowance for doubtful accounts	(10)	(7)
<b>Total current assets</b>	<b>226,384</b>	<b>243,405</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	102,615	104,678
Accumulated depreciation	(66,181)	(68,425)
Buildings and structures, net	36,433	36,252
Machinery, equipment and vehicles	125,742	129,928
Accumulated depreciation	(96,823)	(101,653)
Machinery, equipment and vehicles, net	28,919	28,274
Tools, furniture & fixtures	6,903	7,264
Accumulated depreciation	(5,435)	(5,733)
Tools, furniture & fixtures, net	1,468	1,530
Land	25,745	26,017
Leased assets	6,214	6,171
Accumulated depreciation	(3,455)	(3,683)
Leased assets, net	2,758	2,487
Construction in progress	2,176	2,244
Others	145	238
Accumulated depreciation	(52)	(44)
Others, net	92	193
<b>Total property, plant and equipment</b>	<b>97,595</b>	<b>97,000</b>
<b>Intangible assets</b>		
Goodwill	19,573	18,158
Other	2,150	3,955
<b>Total intangible assets</b>	<b>21,724</b>	<b>22,114</b>
<b>Investments and other assets</b>		
Investment securities	29,331	29,598
Long-term loans receivable	1,520	1,352
Deferred tax assets	734	667
Retirement benefit asset	12,162	14,722
Other	4,738	4,354
Allowance for doubtful accounts	(105)	(93)
<b>Investments and other assets</b>	<b>48,382</b>	<b>50,602</b>
<b>Total non-current assets</b>	<b>167,702</b>	<b>169,717</b>
<b>Total Assets</b>	<b>394,086</b>	<b>413,123</b>

**(5) Notes on the consolidated financial statements**

(Notes on going concern assumptions)

Not applicable.

(Change in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has decided to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard") from the beginning of the fiscal year under review and recognizes revenue from goods or services at an amount expected to be received in exchange for the goods or services at the time when control of the goods or services is transferred to a customer.

For the application of the Revenue Recognition Accounting Standard, the Company follows the provisional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effects in the case of retroactively applying the new accounting policy to before the beginning of the current fiscal year are adjusted in retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from this initial balance.

Major changes as a result of the application of Revenue Recognition Accounting Standard are as follows.

- For buy-sell transactions, the Company previously recognized consideration received from outsourced companies as revenue. However, it has now adopted the method of not recognizing this revenue.
- Previously, the Company considered posted sales commissions and sales promotion support money, etc. paid to customers as selling, general and administrative expenses. However, it has now adopted the method of deducting them from net sales.
- For some sales rebates, previously the Company recognized revenue at a provisional price at the time of sales and revised the price according to the status of achievement of sales. However, it has now adopted a method of estimating the amount of the variable portion of the consideration for a transaction and including in the transaction price only the portion that is highly unlikely to be significantly reduced in the recognized revenue.

As a result, during the fiscal year under review, net sales, cost of goods sold, and selling, general and administrative expenses decreased by 32,660 million yen, 22,931 million yen and 9,696 million yen, respectively, while operating income, ordinary income and profit before income taxes each decreased by 33 million yen. The balance of retained earnings at the beginning of the fiscal year under review also decreased by 155 million yen. The application of the Revenue Recognition Accounting Standard and others mentioned above has an immaterial impact on per share information.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company applies the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the fiscal year under review. Accordingly, it prospectively adopts accounting policies prescribed in the Fair Value Measurement Accounting Standard and the like in accordance with the provisional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application of the Fair Value Measurement Accounting Standard and others mentioned above has no impact on the consolidated financial statements.

## (Segment information)

## 1. Overview of reportable segments

The Group's reportable segments are the 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 consists of segments by good and service based on finished goods, and 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.

## 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 operating income. 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, 2021 (from April 1, 2020 to March 31, 2021)

(Million Yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Amount consolidated financial statement of income (Note 3)
	Processed food division	Meat division	Total				
Net sales							
Sales to outside customers	307,041	531,581	838,623	4,052	842,675	—	842,675
Intersegment sales and transfers	2,097	24,414	26,512	28,843	55,355	(55,355)	—
Total	309,139	555,996	865,136	32,895	898,031	(55,355)	842,675
Segment income (loss)	12,397	13,443	25,840	(88)	25,751	(1,733)	24,018
Segment assets	113,561	149,042	262,603	2,341	264,945	129,141	394,086
Other items							
Depreciation	6,937	4,159	11,096	243	11,340	36	11,377
Amortization of goodwill	—	94	94	—	94	1,389	1,483
Increase in property, plant and equipment and intangible assets	6,187	4,314	10,502	454	10,957	640	11,598

## Notes:

- "Others" includes the logistics business and personnel and payroll-related operations, etc. that are not included in reportable segments.
- Adjustments are as follows.
  - The main content of adjustment of segment income (loss) is the amortization of goodwill of -1,389 million yen.
  - Adjustment of segment assets of 129,141 million yen includes corporate assets that are not allocated to each reportable segment. Corporate assets consisted mainly of cash and deposits of 50,831 million yen, investments and other assets of 47,832 million yen, and goodwill of 19,447 million yen.
  - The adjustment of 640 million yen for increase in property, plant and equipment and intangible assets is mainly an increase in corporate assets that are not allocated to each segment.
- Segment income (loss) is adjusted with operating income in the consolidated statements of income.

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)	Amount consolidated financial statement of income (Note 3)
	Processed food division	Meat division	Total				
Net sales							
Sales to outside customers	302,309	547,843	850,153	4,221	854,374	—	854,374
Intersegment sales and transfers	1,251	25,063	26,314	29,211	55,525	(55,525)	—
Total	303,560	572,907	876,468	33,432	909,900	(55,525)	854,374
Segment income	11,086	14,860	25,946	175	26,121	(1,510)	24,611
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:

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) The main content of adjustment of segment income is the amortization of goodwill of -1,389 million yen.

(2) Adjustment of segment assets of 131,051 million yen includes corporate assets that are not allocated to each reportable segment. Corporate assets consisted mainly 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.

(3) The adjustment of ¥582 million for increase in property, plant and equipment and intangible assets is mainly an increase in corporate assets that are not allocated to each segment.

3. Segment income is adjusted with operating income reported in the consolidated statements of income.

4. Matters concerning changes in reportable segments, etc.

As described in the "Change in accounting policies," the Company has applied the Revenue Recognition Accounting Standard, etc. from the beginning of the fiscal year under review and changed the accounting method for revenue recognition. Reflecting this change, it has changed the calculation method for business segment income in the same manner.

As a result of this change, net sales and segment income in the processed food division decreased 7,880 million yen and 58 million yen, respectively, and net sales in the meat division declined 24,780 million yen while segment income in the same division increased 25 million yen compared to the previous method.

(Per share information)

	Year Ended March 31, 2021 (Apr. 1, 2020 - Mar. 31, 2021)	Year Ended March 31, 2022 (Apr. 1, 2021 - Mar. 31, 2021)
Net assets per share	843.52 yen	897.66 yen
Net income per share	68.61 yen	65.34 yen
Diluted net income per share	68.57 yen	65.31 yen

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

	As of March 31, 2021	As of March 31, 2022
Total net assets (Million Yen)	247,648	262,740
Amount deducted from total net assets (Million Yen)	716	717
(Share acquisition rights (Million Yen))	(131)	(118)
(Non-controlling interests (Million Yen))	(585)	(598)
Net assets related to common shares at the end of the period (Million Yen)	246,931	262,023
Number of shares of common shares at the end of the period used in the calculation of net assets per share (thousands of shares)	292,738	291,896

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

	Year Ended March 31, 2021 (Apr. 1, 2020 - Mar. 31, 2021)	Year Ended March 31, 2022 (Apr. 1, 2021 - Mar. 31, 2022)
Net income per share		
Net income attributable to owners of parent (Million Yen)	20,204	19,118
Amount not attributable to common shareholders (Million Yen)	—	—
Income attributable to owners of parent related to common shares (Million Yen)	20,204	19,118
Average number of common shares during the period (thousand shares)	294,497	292,581
Diluted net income per share		
Adjustments of net income attributable to owners of parent (Million Yen)	—	—
Increase in common shares (thousand shares)	173	163
(Share acquisition rights (thousand shares))	(173)	(163)
Outline of dilutive shares not included in the calculation of diluted net income per share due to the absence of dilutive effects	—	—

(Significant subsequent events)

(Acquisition of business by a consolidated subsidiary)

At the meeting of the Board of Directors held on March 18, 2022, the Company, resolved to enter into a business transfer agreement with Moregate Exports Pty. Ltd. (located in Australia) and Moregate Exports Ltd. (located in New Zealand), to acquire the animal-derived blood products manufacturing and sales business owned by both of them, through its consolidated subsidiary ANZCO FOODS Ltd. The agreement was entered into on March 22, 2022.

# 1. Outline of the business combination

## (1) Purpose of business transfer

In our Medium-Term Management Plan 2023, the Company have set "pursuing initiatives for new businesses" as one of the priority policies and strives to strengthen peripheral business areas that have high affinity with our existing businesses and expand our production areas and sales markets.

The Company resolved to enter into this business transfer agreement based on the judgment that the animal-derived blood products business will contribute to the expansion of the scale and added value of the Group's healthcare business, as the products is expected to have significant growth in the future for vaccines, regenerative medicine, and clinical diagnosis, amid solid demand from pharmaceutical and biotechnology companies.

## (2) Name and business of the counterparty companies

Names of the companies (Australian): Moregate Exports Pty. Ltd.

(New Zealand): Moregate Exports Ltd.

Line of Business Manufacture and sale of animal-derived blood products

## (3) Date of business combination

Mid-May 2022 (scheduled)

## (4) Legal form of business combination

Acquisition of business for cash consideration

# 2. Breakdown by type of acquisition cost and consideration for business acquisition

Not to be disclosed by agreement between the parties.

# 3. Details and amounts of major acquisition-related expenses

The calculation is underway at present.

# 4. Amount of goodwill arising from the business transfer, reason for goodwill, amortization method and period

The calculation is underway at present.

# 5. Amount of assets acquired through the business combination and its major breakdown

The calculation is underway at present.