

Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended March 31, 2018

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
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Scheduled date for general shareholders' meeting:	June 26, 2018
Scheduled date for filing of securities report:	June 27, 2018
Scheduled date of commencement of dividend payment:	June 06, 2018
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, 2018 (April 1, 2017–March 31, 2018)

(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	%
For the fiscal year ended								
March 31, 2018	831,865	5.0	21,562	0.5	24,423	-1.9	15,784	-12.5
March 31, 2017	792,564	—	21,455	—	24,484	—	18,038	—

(Note) Comprehensive income: The Fiscal Year Ended March 31, 2018 14,432 million(-27.2%)
The Fiscal Year Ended March 31, 2017 19,811 million(- %)

	Net income per share	Fully diluted net income	Net income to shareholders' equity	Ordinary Income to assets	Operating income to net sales
	Yen	Yen	%	%	%
For the fiscal year ended					
March 31, 2018	53.22	53.17	7.3	6.5	2.6
March 31, 2017	60.67	60.60	8.8	6.8	2.7

(Reference) Equity in income or losses of affiliates: The Fiscal Year Ended March 31, 2018 2,455 million(-1.4%)
The Fiscal Year Ended March 31, 2017 2,939 million(- %)

(Note) year-on-year change for March 31, 2017 results not shown as the company was established April 1, 2016

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million Yen	Million Yen	%	Yen
As of March 31, 2018	378,687	219,861	57.7	739.77
As of March 31, 2017	373,632	220,033	56.9	714.74

(Reference) Shareholders' equity: As of March 31, 2018 218,612 million
As of March 31, 2017 212,519 million

(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, 2018	5,521	Δ8,183	Δ20,004	29,284
March 31, 2017	21,187	Δ8,756	Δ8,996	52,785

2. Dividends

	First quarter-end	Second quarter-end	Third quarter-end	Fiscal quarter-end	Total	Total amount of cash dividends (annual)	Dividend payout ratio (consolidated)	Ratio of total amount of dividends to shareholders' equity
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
For the fiscal year ended								
March 31, 2017	—	0.00	—	17.00	17.00	5,054	28.0	2.5
March 31, 2018	—	0.00	—	17.00	17.00	5,023	31.9	2.3
For the fiscal year ending								
March 31, 2019 (Forecast)	—	0.00	—	17.00	17.00		30.6	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019
(April 1, 2018 to March 31, 2019)

(% 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
Second quarter-end (Cumulative)	425,000	2.0	11,000	Δ3.8	12,000	Δ4.4	8,000	Δ5.0	26.97
Full year	850,000	2.2	23,000	6.7	25,000	2.4	16,500	4.5	55.63

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2017	As of March 31, 2018
ASSETS		
Current assets		
Cash and deposits	53,087	29,585
Notes and account receivable - trade	78,559	94,056
Securities	200	-
Merchandise and finished goods	57,956	66,042
Work in process	1,676	1,739
Raw materials and supplies	16,323	18,491
Other	7,564	6,796
Allowance for doubtful accounts	(18)	(8)
Total current assets	215,349	216,705
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,706	33,053
Machinery, equipment and vehicles, net	24,349	25,041
Tools, furniture & fixtures, net	1,217	1,328
Land	25,839	25,901
Leased assets, net	1,489	1,539
Others, net	1,477	2,870
Total property, plant and equipment	86,079	89,735
Intangible assets		
Goodwill	25,631	24,109
Other	2,000	1,706
Total intangible assets	27,631	25,816
Investments and other assets		
Investment securities	32,970	31,618
Net defined benefit assets	4,611	8,231
Other	7,158	6,701
Allowance for doubtful receivables	(168)	(122)
Total investments and other assets	44,572	46,430
Total non-current assets	158,283	161,982
Total Assets	373,632	378,687

(Million Yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	61,017	63,944
Electronically recorded obligations	513	1,637
Short-term loans payable	12,952	21,395
Current portion of Long-term loans	3,943	4,964
Current portion of Bonds payable	10,000	-
Income taxes payable	1,991	2,502
Provision for bonuses	5,854	5,985
Other	25,024	27,381
Total current liabilities	121,294	127,808
Non-current liabilities		
Long-term loans payable	24,205	20,071
Net defined benefit liability	1,795	1,581
Asset retirement obligation	1,076	1,207
Other	5,228	8,158
Total non-current liabilities	32,304	31,017
Total liabilities	153,598	158,826
Net assets		
Shareholder's equity		
Capital stock	30,000	30,003
Capital surplus	98,005	96,289
Retained earnings	79,300	90,031
Treasury stock	(5)	(1,824)
Total shareholder's equity	207,300	214,499
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	7,979	6,013
Deferred gains or losses on hedges	(439)	(789)
Foreign currency translation adjustment	(1,884)	(2,387)
Remeasurements of defined benefit plan	(436)	1,277
Total accumulated other comprehensive income	5,218	4,113
Subscription rights to shares	220	257
Non-controlling interests	7,293	990
Total net assets	220,033	219,861
Total liabilities and net assets	373,632	378,687

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)
(April 1, 2017 – March 31, 2018)

(Million Yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Net sales	792,564	831,865
Cost of goods sold	664,352	701,215
Gross profit	128,212	130,649
Selling, general and administrative expenses	106,756	109,087
Operating income	21,455	21,562
Non-operating income		
Interest income	126	100
Dividend income	284	332
Rent income	464	394
Equity in income of affiliates	2,939	2,455
Other	1,067	938
Total non-operating income	4,882	4,220
Non-operating expenses		
Interest expenses	928	868
Rent on real estate	192	137
Organization expenses	210	-
Other	122	352
Total non-operating expenses	1,454	1,359
Ordinary Income	24,884	24,423
Extraordinary income		
Gain on sales of investment securities	1,976	746
Other	755	338
Total extra-ordinary income	2,731	1,084
Extraordinary loss		
Loss on retirement of non-current assets	323	283
Impairment loss	829	94
Loss on disaster	-	172
Others	436	89
Total extra-ordinary expenses	1,589	640
Net income before taxes	26,027	24,867
Income taxes-current	6,710	7,085
Income taxes-deferred	1,073	2,110
Total income taxes	7,784	9,195
Net income	18,243	15,672
Income (loss) attributable to non-controlling interests	204	(112)
Income attributable to owners of parent	18,038	15,784

(Consolidated statements of comprehensive income)
(April 1, 2017 – March 31, 2018)

(Million Yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Net income	18,243	15,672
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,280)	633
Deferred gains or losses on hedges	227	(338)
Foreign currency translation adjustment	157	(356)
Remeasurements of defined benefit plan	1,677	1,713
Share of other comprehensive income of entities accounted for using equity method	786	(2,892)
Total other comprehensive income	<u>1,567</u>	<u>(1,239)</u>
Comprehensive income	<u>19,811</u>	<u>14,432</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,557	14,679
Comprehensive income attributable to non-controlling interest	253	(246)

(3) Consolidated statements of Cash Flows

(Million Yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Cash flows from operating activities		
Income before income taxes	26,027	24,867
Depreciation	8,891	8,786
Impairment loss	829	94
Increase (decrease) in provision for bonuses	959	130
Amortization of goodwill	2,166	1,518
Interest and dividend income	(411)	(432)
Interest expenses	928	868
Equity in earnings of affiliates	(2,939)	(2,455)
Loss (Gain) on sales of investment securities	(1,927)	(745)
Decrease (increase) in notes and accounts receivable - trade	(80)	(15,589)
Decrease (increase) in inventories	(4,983)	(10,506)
Increase (decrease) in notes and accounts payable - trade	1,033	4,112
Increase (decrease) in notes and accounts payable	(1,002)	3,467
Increase (decrease) in net defined benefit liability	(48)	(2)
Decrease (increase) in net defined benefit asset	(1,628)	(1,302)
Other	(957)	956
Subtotal	26,857	13,949
Interest and dividend income received	771	1,090
Interest expenses paid	(939)	(888)
Income taxes paid	(5,615)	(8,866)
Other	114	236
Net cash provided by (used in) operating activities	21,187	5,521
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,983)	(10,905)
Purchase of intangible assets	(540)	(357)
Purchases of Investments in Securities	(85)	(1,964)
Proceeds from Sales of Investments in Securities	3,152	2,076
Proceeds from capital reduction with compensation	-	2,767
Payments of loans receivable	(441)	(234)
Proceeds from loans receivable	576	338
Other	(434)	95
Net cash provided by (used in) investing activities	(8,756)	(8,183)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(2,745)	8,541
Proceeds from long-term loans payable	3,128	912
Repayment of long-term loans payable	(6,195)	(3,889)
Payments for Redemption of Corporate Bonds	-	(10,000)
Purchase of Treasury Stock	(5)	(1,995)
Cash dividends paid	(2,498)	(5,051)
Purchase of investments in subsidiaries resulting in no change in scope of consolidation	-	(7,668)
Repayments of lease obligations	(608)	(540)
Other	(71)	(312)
Net cash provided by (used in) financing activities	(8,996)	(20,004)
Effect of exchange rate change on cash and cash equivalents	826	(835)
Net increase (decrease) in cash and cash equivalents	4,260	(23,501)
Cash and cash equivalents at beginning of period	30,459	52,785
Net increase (decrease) in cash and cash equivalents resulting from share transfer	18,065	-
Cash and cash equivalents at end of period	52,785	29,284