

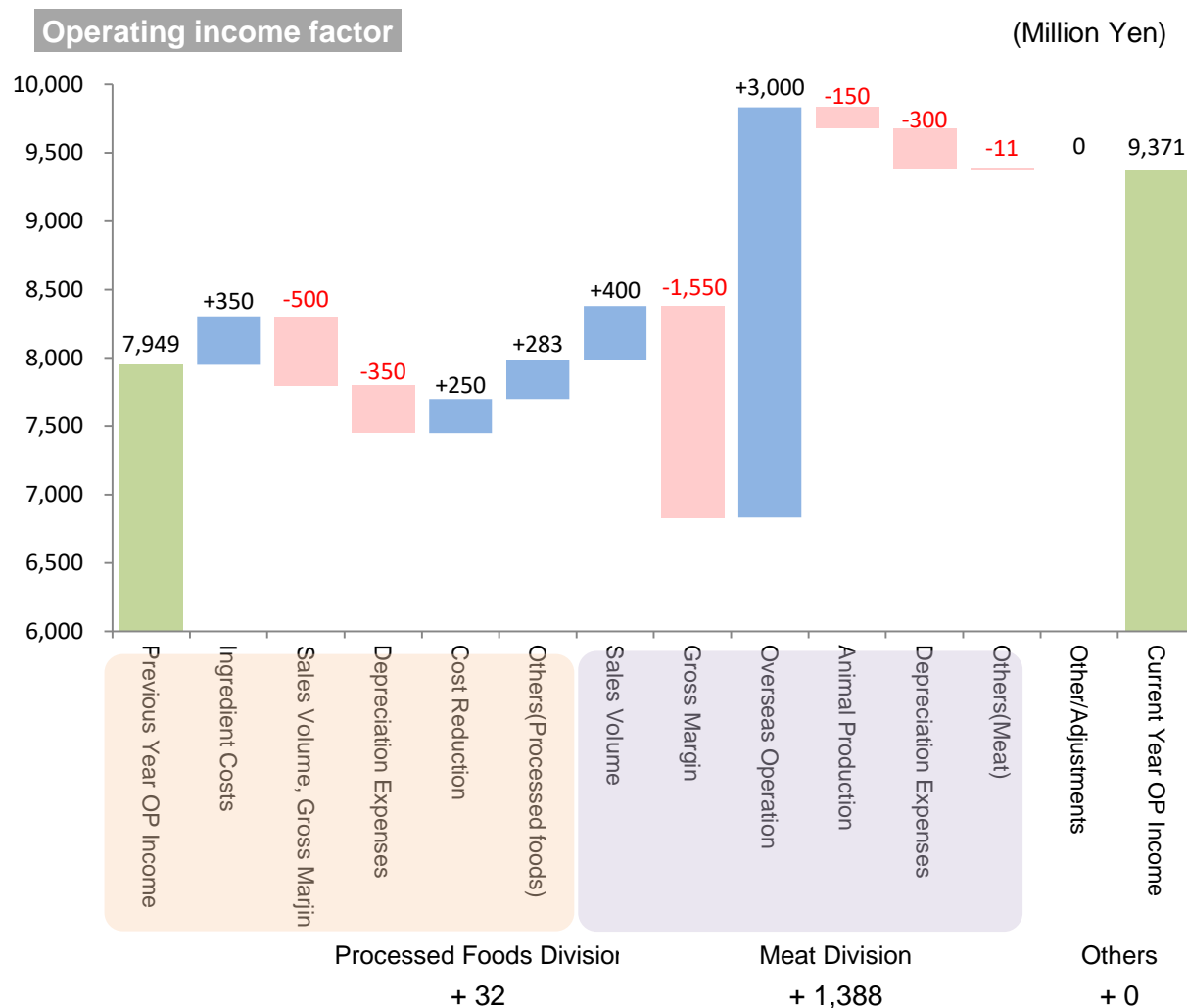
Itoham Yonekyu Holdings Inc.

# **Supplementary Explanation to Financial Results**

Second Quarter Year Ending March 2020

## 1) Summary of Financial Results

	(Million Yen, %)					
	Actual 2019	% of Sales	Actual 2018	% of Sales	Change	
Sales	432,400		426,425		5,975	1.4
Gross Profit	65,886	15.2	63,000	14.8	2,886	4.6
S, G & A Expenses	56,515	13.1	55,050	12.9	1,464	2.7
Operating Income	9,371	2.2	7,949	1.9	1,422	17.9
Non-operating Income	1,073		1,023		50	4.9
Non-operating Expenses	- 558		- 574		15	
Equity Method Gain/Loss	409		207		202	97.6
Net Non-operating Gain/Loss	924		656		268	40.9
Ordinary Income	10,296	2.4	8,605	2.0	1,690	19.6
Extra-ordinary Gain	307		1,023		- 716	- 70.0
Extra-ordinary Loss	- 237		- 427		190	
Net Extra-ordinary Gain/Loss	69		595		- 526	- 88.4
Income Before Taxes	10,365	2.4	9,201	2.2	1,164	12.7
Net Income	6,927	1.6	6,058	1.4	869	14.3



## 2) Segment Information

### (1) Operating Segment Information

(Million Yen, %)

		Actual 2019	Actual 2018	Change
Processed Foods Division	Sales	146,396	142,562	3,834
	OP Margin	3,678	3,645	32
	% of Sales	2.5	2.6	- 0.1
Meat Division	Sales	283,924	281,779	2,144
	OP Margin	6,104	4,715	1,388
	% of Sales	2.1	1.7	0.4
Others/Adjustments	Sales	2,079	2,083	- 4
	OP Margin	- 411	- 411	0
Consolidated	Sales	432,400	426,425	5,975
	OP Margin	9,371	7,949	1,422
	% of Sales	2.2	1.9	0.3

### Operating Income Factors

Processed Foods Division	(Million Yen)
	Change
Ingredient Costs	350
Sales Volume, Gross Margin	- 500
Depreciation Expenses	- 350
Cost Reduction	250
Others	283
Total	32

Meat Division	(Million Yen)
	Change
Sales Volume	400
Gross Margin	- 1,550
Overseas Operation	3,000
Animal Production	- 150
Depreciation Expenses	- 300
Others	- 11
Total	1,388

### (2) Sales by Market

(Million Yen)

	Actual 2019	Actual 2018	Change
Japan	373,524	364,614	8,909
Asia	23,347	19,205	4,142
North America	13,314	17,233	- 3,918
Oceania	12,353	15,290	- 2,937
Europe	8,930	8,852	77
Others	930	1,228	- 298
Overseas Subtotal	58,876	61,810	- 2,934
Total	432,400	426,425	5,975
Overseas Sales (%)	13.6	14.5	- 0.9

### 3) Financial Data

Sales				
(Million Yen, %)				
	Actual 2019	Actual 2018	Change	
Ham/Sausage	88,562	85,728	2,834	3.3
Processed Foods	67,530	66,124	1,406	2.1
Meat	265,621	261,869	3,752	1.4
Others	10,688	12,705	-2,017	-15.9
Total	432,400	426,425	5,975	1.4

Impact of fluctuations in foreign exchange rates related to ANZCO
- 66
- 210
- 3,037
- 390
- 3,703

SG & A Expenses				
(Million Yen, %)				
	Actual 2019	Actual 2018	Change	
Labor Expenses	17,639	17,381	258	1.5
Shipping / Handling	17,976	16,695	1,281	7.7
Advertisement	3,873	3,615	258	7.1
Sales Fees	2,590	2,657	- 67	- 2.5
Packing	1,718	1,626	92	5.7
Depreciation	889	807	82	10.2
Other Expenses	11,828	12,266	- 438	- 3.6
Total	56,515	55,050	1,464	2.7

Non-Operational G/L				
(Million Yen, %)				
	Actual 2019	Actual 2018	Change	
Equity Method	409	207	202	97.6
Financing	- 234	- 319	85	
Others	749	768	- 19	- 2.5
Total	924	656	268	40.9

\*Major G/L( Equity in earnings of affiliates)

	Actual 2019	Actual 2018	Change
IPC (USA)	186	75	111
MIY (JPN)	243	33	210
ABC (THA)	- 112	- 30	- 82

Extra-ordinary Gain/Loss				
(Million Yen, %)				
	Actual 2019	Actual 2018	Change	
Sales of Securities	78	518	- 440	- 84.9
Others	- 9	76	- 85	
Total	69	595	- 526	- 88.4

#### 4) Forecast of Business Results and Dividends

##### Business Results Forecast

(Million Yen)

	First Half		Second Half		Year	
	2019 F'cast	Change	2019 F'cast	Change	2019 F'cast	Change
Sales	432,400	5,975	432,600	8,304	865,000	14,279
Operating Income	9,371	1,422	8,629	2,084	18,000	3,506
Non-operating G/L	924	268	1,076	548	2,000	816
Ordinary Income	10,296	1,690	9,704	2,630	20,000	4,321
Extra-ordinary G/L	69	- 526	- 69	- 98	0	- 624
Income Before Taxes	10,365	1,164	9,635	2,532	20,000	3,696
Net Income	6,927	869	7,073	2,543	14,000	3,412

##### Dividends Forecasts

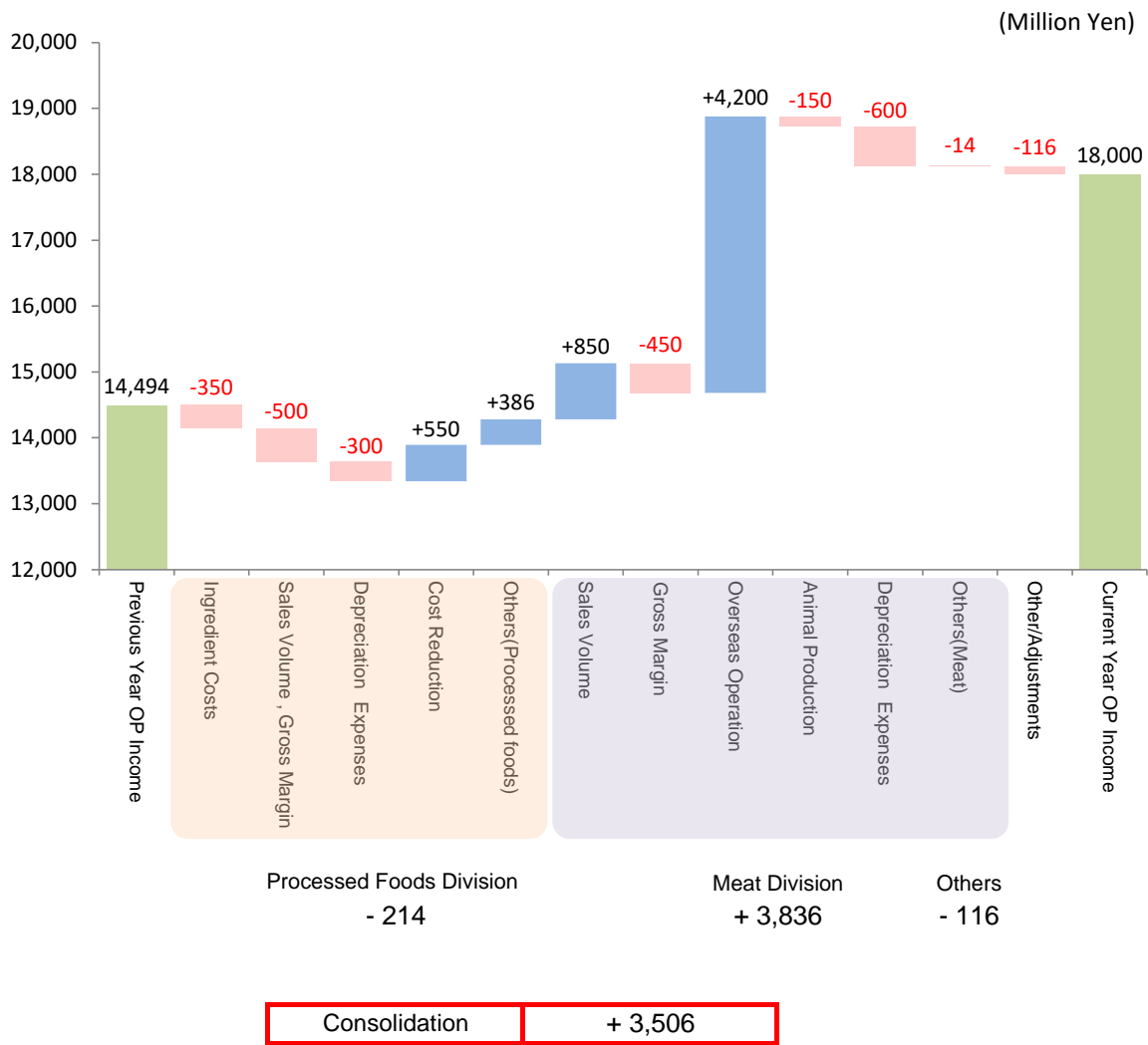
	End of Year Yen	EPS F'cast Yen	Payout Ratio %
2018 Actual	17.00	35.82	47.5
2019 Forecast	17.00	47.37	35.9

##### Operating Segment Information Forecast

(Million Yen, %)

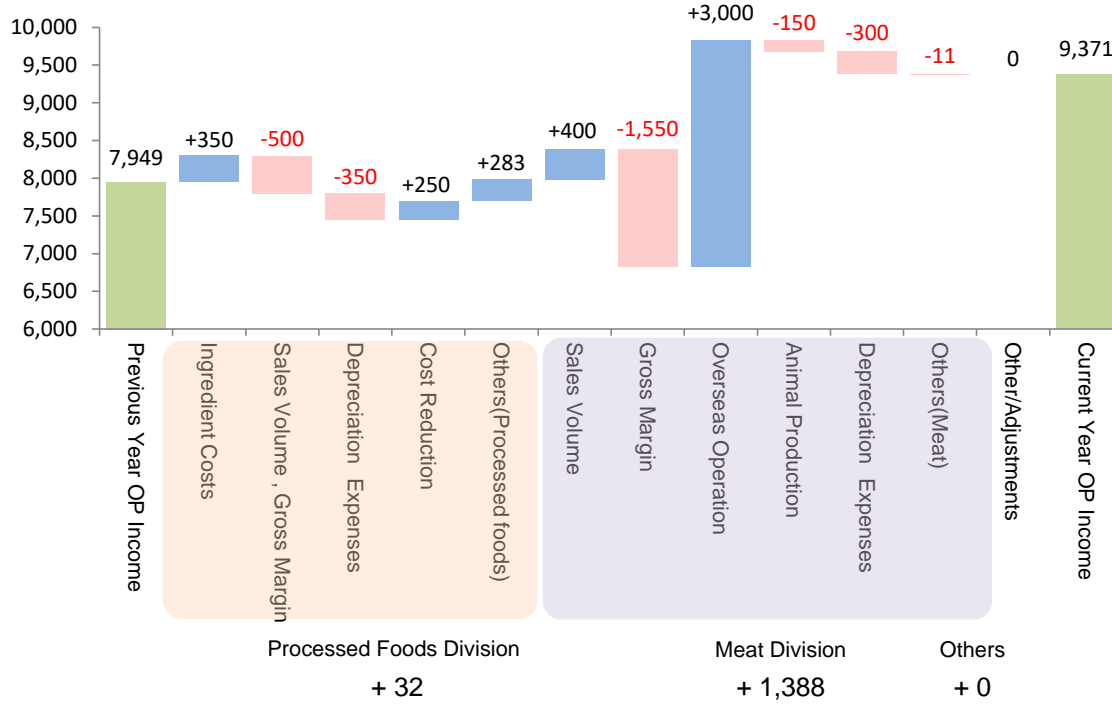
		First Half		Second Half		Year	
		2019 F'cast	Change	2019 F'cast	Change	2019 F'cast	Change
Processed Foods Division	Sales	146,396	3,834	153,604	4,227	300,000	8,061
	OP Margin	3,678	32	4,022	- 247	7,700	- 214
	% of Sales	2.5	- 0.1	2.6	- 0.2	2.6	- 0.1
Meat Division	Sales	283,924	2,144	276,576	3,779	560,500	5,924
	OP Margin	6,104	1,388	5,096	2,447	11,200	3,836
	% of Sales	2.1	0.4	1.8	0.9	2.0	0.7
Others/Adjustments	Sales	2,079	- 4	2,421	298	4,500	294
	OP Margin	- 411	0	- 489	- 116	- 900	- 116
Consolidated	Sales	432,400	5,975	432,600	8,304	865,000	14,279
	OP Margin	9,371	1,422	8,629	2,084	18,000	3,506
	% of Sales	2.2	0.3	2.0	0.5	2.1	0.4

### Operating Income Variance (forecast)



### Operating Income Variance (First Half)

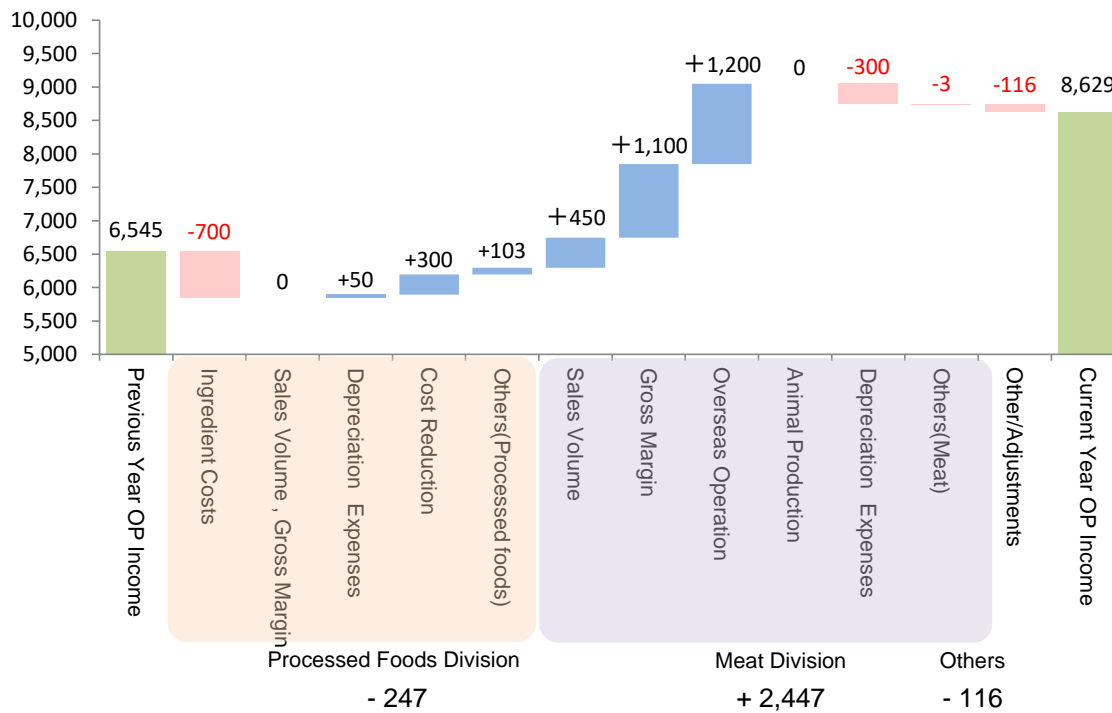
(Million Yen)



**Consolidation + 1,422**

### Operating Income Variance (Second Half)

(Million Yen)



**Consolidation + 2,084**