

## Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Q3 FY 2022) (Japanese Accounting Standards)

Company name: Itoham Yonekyu Holdings Inc.  
 Stock exchange listing: Tokyo Stock Exchange  
 Stock code: 2296  
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 Scheduled date for filing of securities report: February 14, 2023  
 Scheduled date of commencement of dividend payment: -  
 Supplementary documents for quarterly results: Yes  
 Quarterly results briefing: No

(Amounts of less than one million yen are truncated)

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (April 1, 2022–December 31, 2022)

(1) Consolidated Results of Operations (Accumulated Total) (% 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	%
Nine months ended								
December 31, 2022	701,596	7.0	23,917	3.4	26,011	(2.9)	17,754	(4.5)
December 31, 2021	655,708	—	23,135	—	26,796	—	18,582	—

(Note) Comprehensive income: Nine months ended December 31, 2022 19,917 million Yen (6.9%)  
 Nine months ended December 31, 2021 18,627 million Yen (—%)

	Profit (loss) per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Nine months ended				
December 31, 2022	61.30	61.27		
December 31, 2021	63.46	63.43		

(Note) As the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. has been applied from the beginning of the third quarter of the fiscal year ending March 31, 2022, therefore the percentage change from the same period of the previous year is not stated.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million Yen	Million Yen	Million Yen	Million Yen	%	%
As of December 31, 2022	476,747	272,185			57.0	
As of March 31, 2022	413,123	262,740			63.4	

(Reference) Shareholders' equity: As of December 31, 2022 271,536 million Yen  
 As of March 31, 2022 262,023 million Yen

### 2. Dividends

	Dividend per share				
	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, 2022	—	0.00	—	23.00	23.00
March 31, 2023	—	0.00			
For the fiscal year ending					
March 31, 2023 (Forecast)			—	24.00	24.00

(Note) Changes to most recent dividend forecast: None

### 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
Full year	900,000	5.3	22,000	(10.6)	24,000	(16.1)	15,000	(21.5)	51.79

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

## \* 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 consolidated 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: | None |
| (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:  |             |        |
| Nine Months Ended December 31, 2022:  | 292,355,059 | shares |
| Year ended March 31, 2022:  | 297,355,059 | shares |
| (ii) Numbers of treasury shares at end of period:                                       |             |        |
| Nine Months Ended December 31, 2022:  | 5,837,105   | shares |
| Year ended March 31, 2022:  | 5,458,762   | shares |
| (iii) Average number of shares outstanding during period (quarterly cumulative period): |             |        |
| Nine Months Ended December 31, 2022:  | 289,642,164 | shares |
| Nine Months Ended December 31, 2021:  | 292,806,116 | shares |

\* 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 “(3) Information on the consolidated earnings forecasts and other future forecasts” under “1. Qualitative Information on Financial Results ” on page “3”.

(Access to Supplementary Explanations)

Explanatory materials for quarterly financial results will be published on TDnet for viewing in Japan and on our website.

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## 1. Qualitative Information on Consolidated Operating Results for the Nine Months Ended December 31, 2022

### (1) Description of operating results

During the third quarter of the consolidated fiscal year under review, the Japanese economy showed some signs of recovery amid the normalization of socioeconomic activities. However, prices continue to rise due to soaring resource prices and under the influence of depreciation of the yen, and there are concerns that consumer confidence will decline.

The industry also continued to face a challenging business environment as costs rose due to soaring raw material prices and utility costs, packing materials and distribution costs also, as well as the effects of depreciation of the yen. In addition, the Company continues to be required to respond to rapidly changing and diversifying consumer needs and values, such as change in consumer behavior and accelerating digitalization and growing interest in sustainability.

Under these circumstances, in accordance with the priority policies of the Medium-Term Management Plan 2023, the Group has decided to reorganize the entire Group as of April 1, 2023, with our company as the business holding company, in order to establish a more efficient and competitive business operation and organizational structures that will lead to maximizing the effects of integration and improving growth potential. In New Business and Market Initiatives, we are strengthening our lineup of non-meat products as well as our healthcare business. Furthermore, as part of the sustainability initiatives, we have defined a target to reduce the Group's greenhouse gas emissions by half from the fiscal 2016 level by fiscal 2030 and to achieve net zero emissions by 2050, and are moving forward with efforts to implement this target.

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. In order to maximize shareholder value through shareholder return policies that take into account financial soundness and capital efficiency, the Group intends to steadily increase the dividend payout ratio to a range of 30% to 50%, with a target payout ratio of approximately 40%. As for share buybacks, we set a limit of 5 billion yen for the current fiscal year, and by the end of the third quarter, we had repurchased 3.7 billion yen and cancelled 5 million shares.

As a result of above efforts to respond to changes in the business environment, consolidated net sales for the third quarter came to 701,596 million yen (up 7.0% YoY), operating income was 23,917 million yen (up 3.4% YoY), ordinary income was 26,011 million yen (down 2.9% YoY), and net income attributable to owners of the parent was 17,754 million yen (down 4.5% YoY).

The results by reportable segment are as outlined below.

#### Processed Foods Division

With regards to hams and sausages, net sales increased due to efforts to expand sales of mainstay 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, in addition to sales growth of commercial-use products such as roast beef.

In cooked and processed foods, sales increased due to effort to strengthen sales of products that meet diversifying consumer needs, such as the “Marude Oniku! Series” using soybean meat, in addition to pizzas such as “La Pizza” and “Pizza Garden”, “Quick Dinner Series”, which are prepared in a convenient manner, “Onikuyasan no Souzai Series”, and the “Yonekyu Meatball Series” and sales increased by commercial products for the food services also.

As a result, net sales for the third quarter of the current fiscal year in the Processed Foods Division came to 285,963 million yen (up 2.3% YoY), and the Ordinary income was 8,256 million yen (down 31.1% YoY) due to further cost increases including higher raw materials prices and utility costs have exceed of effect of the product price revisions.

#### Meat Division

As for domestic businesses, while sales volume of imported meat fell due to higher local prices, on the other hand sales grew primarily due to higher unit sales prices in the overall domestic business. In regard to the profits, it dropped due to the impact of rises in procurement for imported chicken and beef, also feed prices, as well as fuel and other costs. Therefore it was difficult to tack those costs on the selling prices.

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, as well as higher sales prices reflecting strong overseas demand for meat products.

As a result, net sales in the Meat Division came to 412,279 million yen (up 10.5% YoY), and ordinary income was 18,528 million yen (up 20.9% YoY) in the third quarter of the fiscal year under review thanks to the strong performance of ANZCO Foods Ltd.

### (2) Description of financial position

#### (Assets, liabilities and net assets)

Total assets at the third quarter under review was 476,747 million yen, an increase of 63,624 million yen from the end of the previous fiscal year. This mainly reflects an increase Notes receivable, accounts receivable-trade and inventories also decrease the Cash and deposits.

Liabilities totaled 204,561 million yen, an increase of 54,178 million yen from the end of the previous fiscal year. This was mainly attributable to an increase in short-term borrowings and notes and accounts payable-trade.

Net assets was 272,185 million yen increased by 9,445 million yen from the end of the previous fiscal year. This was primarily attributable to an increase in retained earnings.

## (3) Information on the consolidated financial forecasts and other future forecasts

In regard with the full-year forecast, we have revised up our previous financial result announced on November 8, 2022. Sales and Operating profit are expected to slightly exceed .

Revisions to the forecast for the year ending March 31, 2023 (April 1, 2022-March 31, 2023)

	Sales (Million Yen)	Operating profit (Million Yen)	Ordinary profit (Million Yen)	Net Income (Million Yen)	Net Income per Share (Yen)
Previous forecasts (A)	895,000	21,000	24,000	15,000	51.79
Curent forecasts (B)	900,000	22,000	24,000	15,000	51.79
Change (B-A)	5,000	1,000	—	—	
Change (%)	0.6	4.8	—	—	
Previous Year (March 31, 2022)	854,374	24,611	28,596	19,118	65.34

(Note)

The above forecasts are based on currently available information and certain assumptions judged to be reasonable, and actual performance may differ from forecast figures due to various factors in the future.

**2. Consolidated Financial Statements and Key Notes****(1) Consolidated balance sheets**

(Million Yen)

	As of March 31, 2022	As of December 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	47,991	23,183
Notes and accounts receivable-trade	89,008	134,161
Merchandise and finished goods	74,814	95,913
Work in process	1,713	1,529
Raw materials and supplies	19,037	27,445
Other	10,848	15,183
Allowance for doubtful accounts	(7)	(18)
<b>Total current assets</b>	<b>243,405</b>	<b>297,398</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	36,252	36,713
Machinery, equipment and vehicles, net	28,274	28,614
Tools, furniture & fixtures, net	1,530	1,459
Land	26,017	26,304
Leased assets, net	2,487	2,823
Others, net	2,437	4,502
<b>Total property, plant and equipment</b>	<b>97,000</b>	<b>100,417</b>
<b>Intangible assets</b>		
Goodwill	18,158	18,637
Other	3,955	7,959
<b>Total intangible assets</b>	<b>22,114</b>	<b>26,596</b>
<b>Investments and other assets</b>		
Investment securities	29,598	30,458
Retirement benefit asset	14,722	15,512
Other	6,374	6,456
Allowance for doubtful accounts	(93)	(92)
<b>Investments and other assets</b>	<b>50,602</b>	<b>52,334</b>
<b>Total non-current assets</b>	<b>169,717</b>	<b>179,348</b>
<b>Total Assets</b>	<b>413,123</b>	<b>476,747</b>

(Million Yen)

	As of March 31, 2022	As of December 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	62,351	78,513
Electronically recorded obligations - operating	1,747	2,096
Short-term borrowings	24,407	50,268
Current portion of Long-term borrowings	144	129
Income taxes payable	2,891	4,394
Provision for bonuses	6,617	3,490
Provision for bonuses for directors (and other officers)	151	116
Provision for loss on disaster	329	329
Other	27,894	40,117
<b>Total current liabilities</b>	<b>126,533</b>	<b>179,455</b>
<b>Non-current liabilities</b>		
Long-term borrowings	10,572	10,477
Retirement benefit liability	1,706	1,693
Asset retirement obligations	1,490	1,493
Other	10,080	11,441
<b>Total non-current liabilities</b>	<b>23,849</b>	<b>25,106</b>
<b>Total liabilities</b>	<b>150,383</b>	<b>204,561</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	30,003	30,003
Capital surplus	96,615	92,924
Retained earnings	129,805	140,845
Treasury shares	(4,150)	(4,069)
<b>Total shareholder's equity</b>	<b>252,273</b>	<b>259,703</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	6,727	6,910
Deferred gains or losses on hedges	151	(1,312)
Foreign currency translation adjustment	(684)	2,910
Remeasurements of defined benefit plans	3,556	3,324
<b>Total accumulated other comprehensive income</b>	<b>9,750</b>	<b>11,832</b>
<b>Share acquisition rights</b>	<b>118</b>	<b>77</b>
<b>Non-controlling interests</b>	<b>598</b>	<b>571</b>
<b>Total net assets</b>	<b>262,740</b>	<b>272,185</b>
<b>Total liabilities and net assets</b>	<b>413,123</b>	<b>476,747</b>

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

(Million Yen)

	Nine Months Ended December 31, 2021 (Apr. 1, 2021 - Dec. 31, 2021)	Nine Months Ended December 31, 2022 (Apr. 1, 2022 - Dec. 31, 2022)
<b>Net sales</b>	655,708	701,596
<b>Cost of sales</b>	550,913	596,433
<b>Gross profit</b>	104,795	105,163
<b>Selling, general and administrative expenses</b>	81,660	81,246
<b>Operating profit</b>	23,135	23,917
<b>Non-operating Income</b>		
Interest income	27	59
Dividend income	437	375
Rental income	320	343
Subsidy income	1,335	994
Share of profit of entities accounted for using equity method	1,101	308
Other	871	850
<b>Total non-operating income</b>	4,093	2,931
<b>Non-operating expenses</b>		
Interest expenses	237	529
Rental expenses on real estate	100	108
Other	93	199
<b>Total non-operating expenses</b>	432	837
<b>Ordinary profit</b>	26,796	26,011
<b>Extraordinary income</b>		
Gain on sale of non-current assets	5	61
Gain on sale of investment securities	55	0
Insurance claim income	134	—
Gain on donation of non-current assets	906	—
Other	24	—
<b>Total extraordinary income</b>	1,126	61
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	170	242
Loss on tax purpose reduction entry of non-current assets	904	—
Others	20	12
<b>Total extraordinary losses</b>	1,095	254
<b>Profit before income taxes</b>	26,827	25,818
Income taxes-current	6,315	6,987
Income taxes-deferred	1,898	1,037
<b>Total income taxes</b>	8,213	8,024
<b>Profit</b>	18,613	17,793
<b>Profit attributable to non-controlling interests</b>	30	38
<b>Profit attributable to owners of parent</b>	18,582	17,754



## Consolidated statements of comprehensive income

(Million Yen)

	Nine Months Ended December 31, 2021 (Apr. 1, 2021 - Dec. 31, 2021)	Nine Months Ended December 31, 2022 (Apr. 1, 2022 - Dec. 31, 2022)
<b>Profit</b>	18,613	17,793
<b>Other comprehensive income</b>		
Valuation difference on available-for- sale securities	(844)	187
Deferred gains or losses on hedges	(27)	(1,464)
Foreign currency translation adjustment	883	2,824
Remeasurements of defined benefit plans	(344)	(274)
Share of other comprehensive income of entities accounted for using equity method	346	851
<b>Total other comprehensive income</b>	13	2,124
<b>Comprehensive income</b>	18,627	19,917
(Breakdown)		
Comprehensive income attributable to owners of parent	18,610	19,837
Comprehensive income attributable to non-controlling interests	16	80

## (3) Notes on the quarterly consolidated financial statements

(Notes on going concern assumptions)

Not applicable.

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

Not applicable.

(Segment information)

I, Nine Months Ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

## 1. Information on net sales and profit and loss for each reportable segment

(Million Yen)

	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							
Net sales to customers	279,501	372,991	652,492	3,215	655,708	—	655,708
Intersegment net sales or transfers	19,085	60,520	79,606	22,568	102,174	(102,174)	—
Total	298,587	433,511	732,099	25,783	757,882	(102,174)	655,708
Segment profit (loss)	11,977	15,326	27,304	56	27,360	(564)	26,796

(Note)

- "Others" represents a business segment that is not included in the reportable segments such as logistics business and human resource and payroll related services.
- The main content of adjustment of segment income (loss) is the amortization of goodwill of (1041) million yen.
- Segment income (loss) is adjusted to ordinary income in the quarterly consolidated statements of income.

II, Nine Months Ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

## 1. Information on net sales and profit or loss for each reportable segment

(Million Yen)

	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							
Net sales to customers	285,963	412,279	698,242	3,353	701,596	—	701,596
Intersegment net sales or transfers	20,320	62,449	82,769	22,245	105,014	(105,014)	—
For the fiscal year ending	306,283	474,728	781,012	25,599	806,611	(105,014)	701,596
(Forecast)	8,256	18,528	26,784	(282)	26,502	(490)	26,011

(Note)

- "Others" represents a business segment that is not included in the reportable segments such as logistics business and human resource and payroll related services.
- The adjustment to segment income (loss) mainly includes amortization of goodwill of (1041) million yen.
- Segment income (loss) is adjusted to ordinary income in the consolidated statements of income.

## 2. Matters concerning changes in reportable segments, etc.

Effective from the first quarter of the current fiscal year, following the Group's organizational restructuring, the Company has changed its reporting segments from product and service-based to organization-based reporting segments. In addition, since the Company's Board of Directors and other management decision-making bodies have decided to use ordinary income as a management indicator for determining the allocation of management resources and evaluating business performance, segment income (loss) is now adjusted to ordinary income, whereas it was previously adjusted to operating income in the quarterly consolidated statements of income.

Segment information for the third quarter of the previous fiscal year is presented based on the segment income adjusted for the new classification method and adjusted to ordinary income.

## 3. Information on impairment losses on Fixed assets or Goodwill, in reportable segment, etc.

(The Goodwill amount show significant change)

In the Meat Division segment, there was the 1,600 million yen Goodwill occurrence by Healthcare business acquisition of Moregate Exports Pty. Ltd. and Moregate Exports Ltd. in the Meat Division.

The amount was calculated tentatively as Purchase Price Allocation has not been completed yet.