

Itoham Yonekyu Holdings Inc.

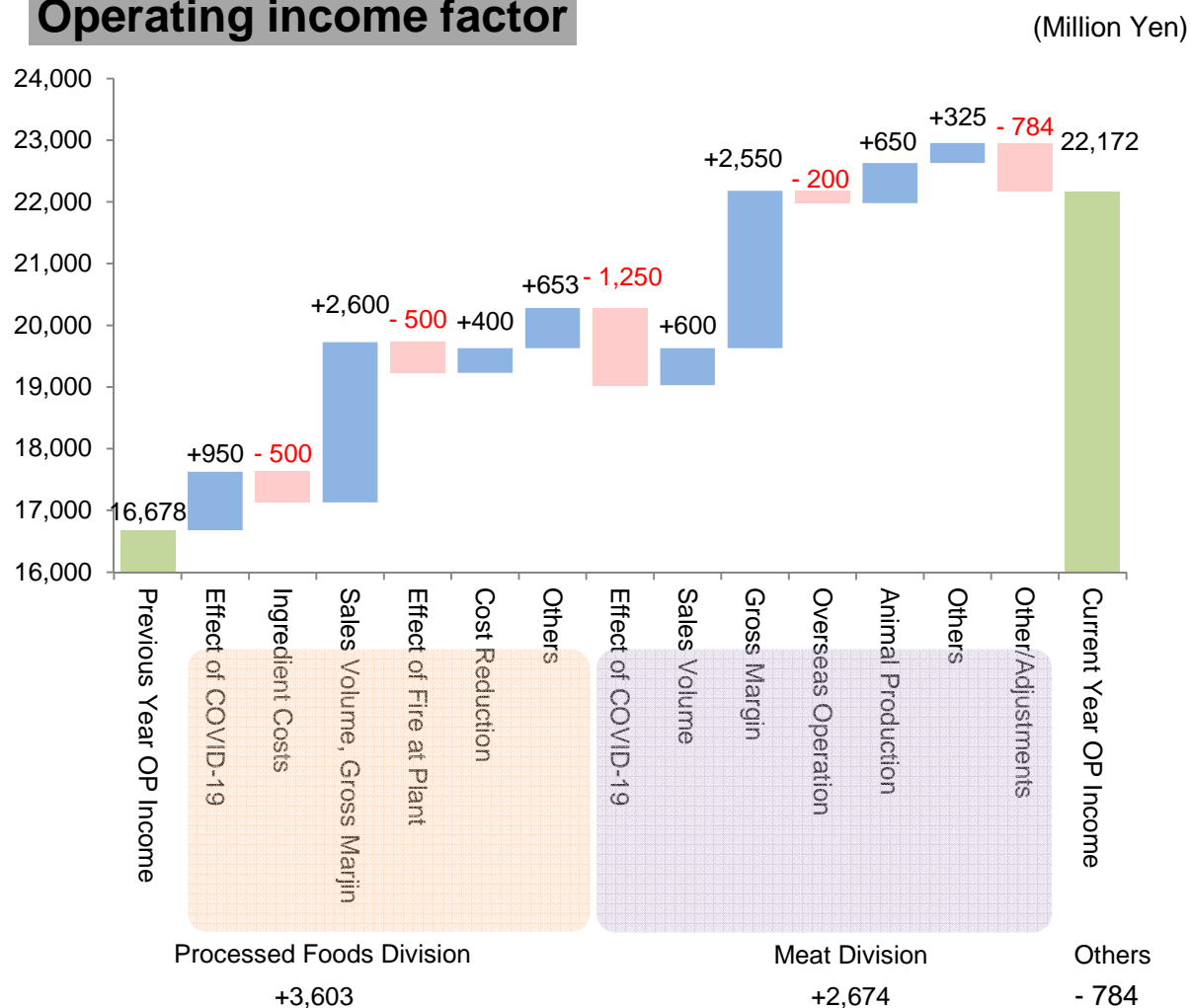
# **Supplementary Explanation to Financial Results**

Third Quarter Year Ending March 2021

## 1) Summary of Financial Results

	(Million Yen, %)				
	Actual 2020	% of Sales	Actual 2019	% of Sales	Change
Sales	646,827		660,901		- 14,073 - 2.1
Gross Profit	110,431	17.1	105,723	16.0	4,708 4.5
S, G & A Expenses	88,259	13.6	89,044	13.5	- 785 - 0.9
Operating Income	22,172	3.4	16,678	2.5	5,493 32.9
Non-operating Income	1,909		1,685		224
Non-operating Expenses	- 633		- 773		140
Equity Method Gain/Loss	712		977		- 265
Net Non-operating Gain/Loss	1,989		1,888		100
Ordinary Income	24,161	3.7	18,567	2.8	5,593 30.1
Extra-ordinary Gain	3,065		311		2,753
Extra-ordinary Loss	- 731		- 1,588		857
Net Extra-ordinary Gain/Loss	2,333		- 1,277		3,611
Income Before Taxes	26,495	4.1	17,290	2.6	9,204 53.2
Net Income	18,304	2.8	11,586	1.8	6,718 58.0

### Operating income factor



## 2) Segment Information

### (1) Operating Segment Information

		(Million Yen, %)			
		Actual 2020	Actual 2019	Change	
Processed Foods Division	Sales	239,361	232,605	6,756	2.9
	OP Margin	11,463	7,860	3,603	45.8
	% of Sales	4.8	3.4	1.4	
Meat Division	Sales	404,391	425,178	- 20,786	- 4.9
	OP Margin	11,858	9,183	2,674	29.1
	% of Sales	2.9	2.2	0.8	
Others/Adjustments	Sales	3,075	3,118	- 43	
	OP Margin	- 1,149	- 365	- 784	
Consolidated	Sales	646,827	660,901	- 14,073	- 2.1
	OP Margin	22,172	16,678	5,493	32.9
	% of Sales	3.4	2.5	0.9	

### Operating Income Factors

Processed Foods Division (Million Yen)		Meat Division (Million Yen)	
	Change		Change
Effect of COVID-19	950	Effect of COVID-19	- 1,250
Ingredient Costs	- 500	Sales Volume	600
Sales Volume, Gross Margin	2,600	Gross Margin	2,550
Effect of Fire at Plant	- 500	Overseas Operation	- 200
Cost Reduction	400	Animal Production	650
Others	653	Others	325
Total	3,603	Total	2,674

### (2) Sales by Market

(Million Yen)			
	Actual 2020	Actual 2019	Change
Japan	582,992	582,856	136
Asia	21,003	31,123	- 10,119
North America	17,337	16,762	574
Oceania	15,190	17,450	- 2,259
Europe	8,305	11,250	- 2,944
Others	1,996	1,457	539
Overseas Sales Total	63,835	78,044	- 14,209
All Total	646,827	660,901	- 14,073
Overseas Sales (%)	9.9	11.8	- 1.9

### 3) Financial Data

#### Sales

(Million Yen, %)

	Actual 2020	Actual 2019	Change		Impact of fluctuations in foreign exchange rates related to ANZCO
Ham/Sausage	140,088	140,691	- 602	- 0.4	
Processed Foods	112,872	106,949	5,923	5.5	- 316
Meat	382,439	400,868	- 18,430	- 4.6	- 3,667
Others	11,429	12,393	- 964	- 7.8	- 365
Total	646,827	660,901	- 14,073	- 2.1	- 4,407

#### SG & A Expenses

(Million Yen, %)

	Actual 2020	Actual 2019	Change	
Labor Expenses	26,743	26,477	266	1.0
Shipping / Handling	29,668	28,366	1,302	4.6
Advertisement	5,213	6,218	- 1,005	- 16.2
Sales Fees	4,876	5,405	- 529	- 9.8
Packing	3,255	3,232	23	0.7
Depreciation	1,367	1,378	- 11	- 0.8
Other Expenses	17,134	17,966	- 832	- 4.6
Total	88,259	89,044	- 785	- 0.9

#### Non-Operational G/L

(Million Yen, %)

	Actual 2020	Actual 2019	Change	
Equity Method	712	977	- 265	- 27.1
Financing	71	- 148	219	
Others	1,205	1,059	145	13.8
Total	1,989	1,888	100	5.3

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

	Actual 2020	Actual 2019	Change
IPC (USA)	799	804	- 5
MIY (JPN)	- 2	237	- 239
ABC (THA)	- 209	- 178	- 32

#### Extra-ordinary Gain/Loss

(Million Yen, %)

	Actual 2020	Actual 2019	Change	
Sales of Securities	1	76	- 75	- 98.7
Insurance income	3,003	171	2,832	1,656.1
Loss on Disaster	0	- 1,361	1,361	
Others	- 671	- 164	- 507	
Total	2,333	- 1,277	3,611	

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

##### Business Results Forecast

(Million Yen)

	First Half		Second Half		Year	
	2020 F'cast	Change	2020 F'cast	Change	2020 F'cast	Change
Sales	414,623	- 17,777	415,377	- 4,673	830,000	- 22,450
Operating Income	12,625	3,254	10,375	2,480	23,000	5,734
Non-operating G/L	918	- 6	1,082	- 261	2,000	- 267
Ordinary Income	13,544	3,248	11,456	2,218	25,000	5,466
Extra-ordinary G/L	2,466	2,396	- 466	1,857	2,000	4,254
Income Before Taxes	16,010	5,644	10,990	4,075	27,000	9,720
Net Income	10,946	4,019	7,554	3,042	18,500	7,061

##### Dividends Forecasts

	End of Year Yen	EPS F'cast Yen	Payout Ratio %
2019 Actual	17.00	38.72	43.9
2020 Forecast	17.00	62.78	27.1

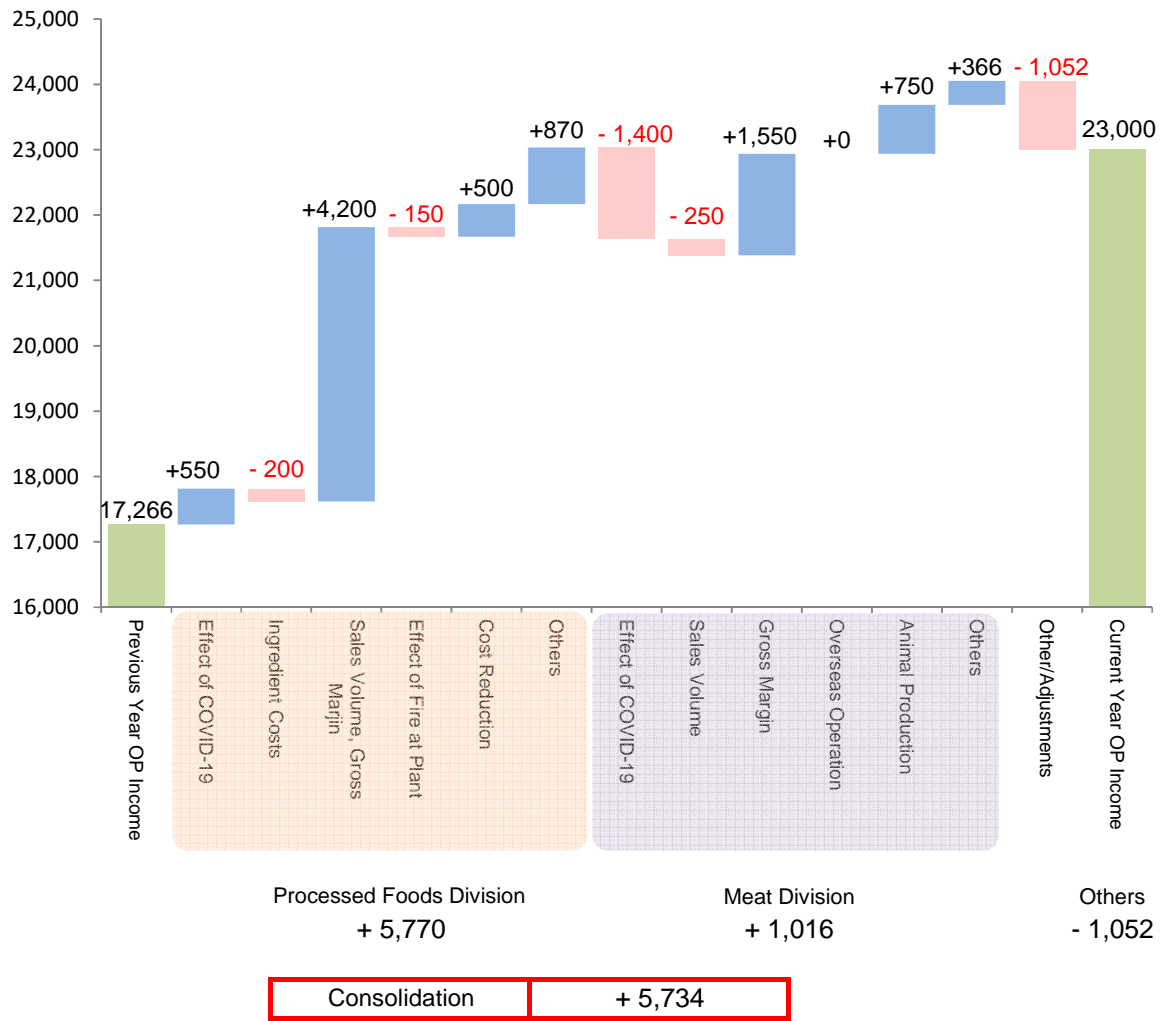
##### Operating Segment Information Forecast

(Million Yen, %)

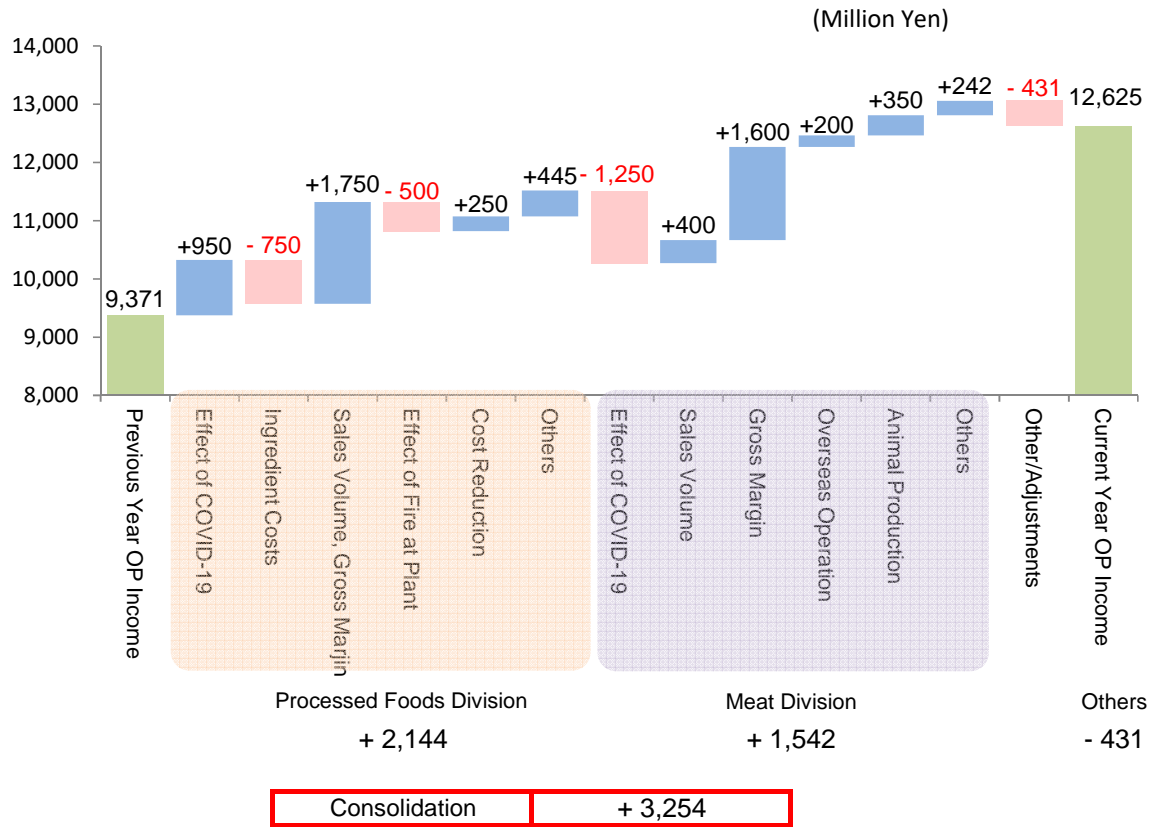
		First Half		Second Half		Year	
		2020 F'cast	Change	2020 F'cast	Change	2020 F'cast	Change
Processed Foods Division	Sales	150,631	4,235	154,369	556	305,000	4,791
	OP Margin	5,823	2,144	6,677	3,625	12,500	5,770
	% of Sales	3.9	1.4	4.3	2.3	4.1	1.9
Meat Division	Sales	261,998	- 21,925	259,002	- 5,258	521,000	- 27,184
	OP Margin	7,646	1,542	4,654	- 526	12,300	1,016
	% of Sales	2.9	0.8	1.8	- 0.2	2.4	0.3
Others/Adjustments	Sales	1,992	- 87	2,008	32	4,000	- 55
	OP Margin	- 843	- 431	- 957	- 620	- 1,800	- 1,052
Consolidated	Sales	414,623	- 17,777	415,377	- 4,673	830,000	- 22,450
	OP Margin	12,625	3,254	10,375	2,480	23,000	5,734
	% of Sales	3.0	0.9	2.5	0.6	2.8	0.8

**Operating Income Variance (forecast)**

(Million Yen)



### Operating Income Variance (First Half)



### Operating Income Variance (Second Half)

