

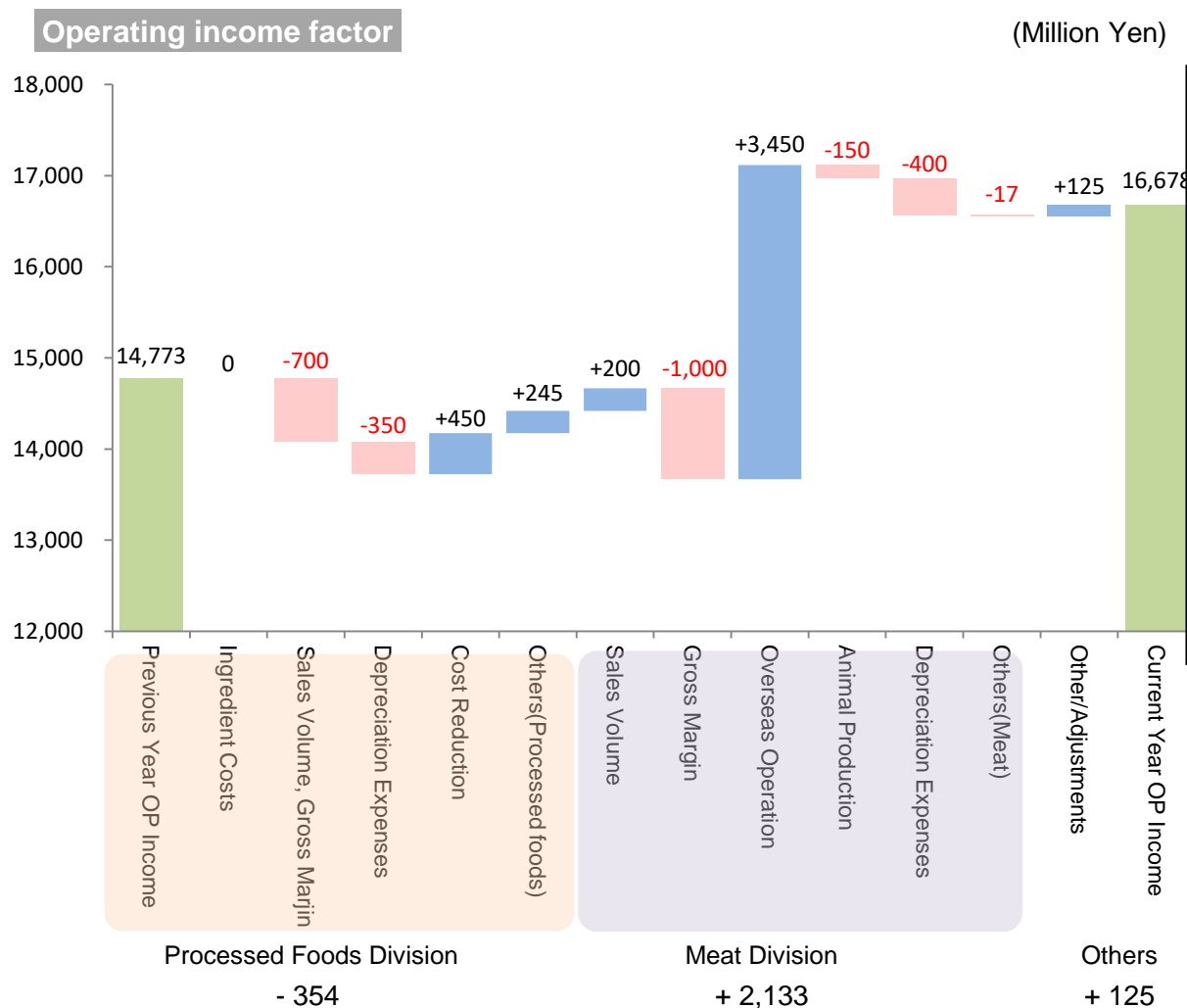
Itoham Yonekyu Holdings Inc.

Supplementary Explanation to Financial Results

Third Quarter Year Ending March 2020

1) Summary of Financial Results

	(Million Yen, %)				
	Actual 2019	% of Sales	Actual 2018	% of Sales	Change
Sales	660,901		659,036		1,864 0.3
Gross Profit	105,723	16.0	102,026	15.5	3,696 3.6
S, G & A Expenses	89,044	13.5	87,253	13.2	1,791 2.1
Operating Income	16,678	2.5	14,773	2.2	1,905 12.9
Non-operating Income	1,685		1,854		- 169 - 9.1
Non-operating Expenses	- 773		- 839		65
Equity Method Gain/Loss	977		56		921 1,644.6
Net Non-operating Gain/Loss	1,888		1,071		817 76.3
Ordinary Income	18,567	2.8	15,845	2.4	2,722 17.2
Extra-ordinary Gain	311		1,158		- 846 - 73.1
Extra-ordinary Loss	- 1,588		- 534		- 1,054
Net Extra-ordinary Gain/Loss	- 1,277		623		- 1,901
Income Before Taxes	17,290	2.6	16,468	2.5	821 5.0
Net Income	11,586	1.8	10,860	1.6	725 6.7



2) Segment Information

(1) Operating Segment Information

		(Million Yen, %)		
		Actual 2019	Actual 2018	Change
Processed Foods Division	Sales	232,605	228,455	4,149
	OP Margin	7,860	8,215	- 354
	% of Sales	3.4	3.6	- 0.2
Meat Division	Sales	425,178	427,371	- 2,193
	OP Margin	9,183	7,050	2,133
	% of Sales	2.2	1.6	0.5
Others/Adjustments	Sales	3,118	3,209	- 91
	OP Margin	- 365	- 491	125
Consolidated	Sales	660,901	659,036	1,864
	OP Margin	16,678	14,773	1,905
	% of Sales	2.5	2.2	0.3

Operating Income Factors

Processed Foods Division	(Million Yen)
	Change
Ingredient Costs	0
Sales Volume, Gross Margin	- 700
Depreciation Expenses	- 350
Cost Reduction	450
Others	245
Total	- 354

Meat Division	(Million Yen)
	Change
Sales Volume	250
Gross Margin	- 1,000
Overseas Operation	3,450
Animal Production	- 150
Depreciation Expenses	- 400
Others	- 17
Total	2,133

(2) Sales by Market

		(Million Yen)		
		Actual 2019	Actual 2018	Change
Japan		582,856	576,192	6,664
Asia		31,123	26,072	5,051
North America		17,450	20,977	- 3,527
Oceania		16,762	20,865	- 4,103
Europe		11,250	12,676	- 1,426
Others		1,457	2,252	- 794
Overseas Subtotal		78,044	82,844	- 4,799
Total		660,901	659,036	1,864
Overseas Sales (%)		11.8	12.6	- 0.8

3) Financial Data

Sales						
(Million Yen, %)						
	Actual 2019	Actual 2018	Change		Impact of fluctuations in foreign exchange rates related to ANZCO	
Ham/Sausage	140,691	139,291	1,399	1.0		- 119
Processed Foods	106,949	104,524	2,425	2.3		- 352
Meat	397,917	397,646	270	0.1		- 4,455
Others	15,345	17,575	- 2,230	- 12.7		- 602
Total	660,901	659,036	1,864	0.3		- 5,529

SG & A Expenses				
(Million Yen, %)				
	Actual 2019	Actual 2018	Change	
Labor Expenses	26,477	26,478	- 1	- 0.0
Shipping / Handling	28,366	26,483	1,883	7.1
Advertisement	6,218	5,855	363	6.2
Sales Fees	5,405	5,661	- 256	- 4.5
Packing	3,232	3,099	133	4.3
Depreciation	1,378	1,223	155	12.7
Other Expenses	17,966	18,451	- 485	- 2.6
Total	89,044	87,253	1,791	2.1

Non-Operational G/L				
(Million Yen, %)				
	Actual 2019	Actual 2018	Change	
Equity Method	977	56	921	1,644.6
Financing	- 148	- 218	70	
Others	1,059	1,233	- 174	- 14.1
Total	1,888	1,071	817	76.3

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

	Actual 2019	Actual 2018	Change
IPC (USA)	804	127	677
MIY (JPN)	237	- 174	411
ABC (THA)	- 178	- 58	- 120

Extra-ordinary Gain/Loss				
(Million Yen, %)				
	Actual 2019	Actual 2018	Change	
Sales of Securities	81	562	- 481	- 85.6
Loss on Disaster	- 1,361	- 287	- 1,074	
Others	2	348	- 346	- 99.4
Total	- 1,277	623	- 1,901	

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	422,600	- 1,696	855,000	4,279
Operating Income	9,371	1,422	6,629	84	16,000	1,506
Non-operating G/L	924	268	1,076	548	2,000	816
Ordinary Income	10,296	1,690	7,704	630	18,000	2,321
Extra-ordinary G/L	69	- 526	- 1,569	- 1,598	- 1,500	- 2,124
Income Before Taxes	10,365	1,164	6,135	- 968	16,500	196
Net Income	6,927	869	4,573	43	11,500	912

Dividends Forecasts

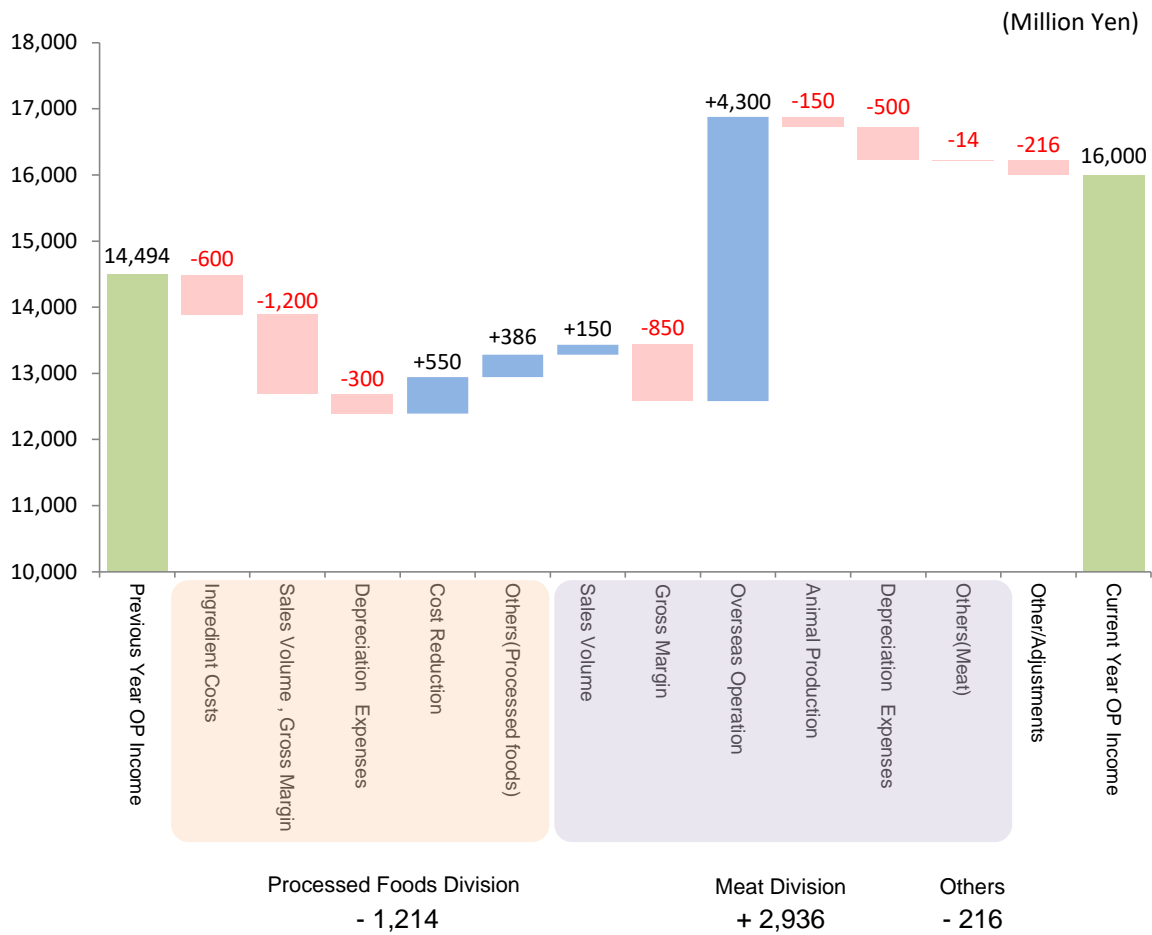
	End of Year Yen	EPS F'cast Yen	Payout Ratio %
2018 Actual	17.00	35.82	47.5
2019 Forecast	17.00	38.92	43.7

Operating Segment Information Forecast

(Million Yen, %)

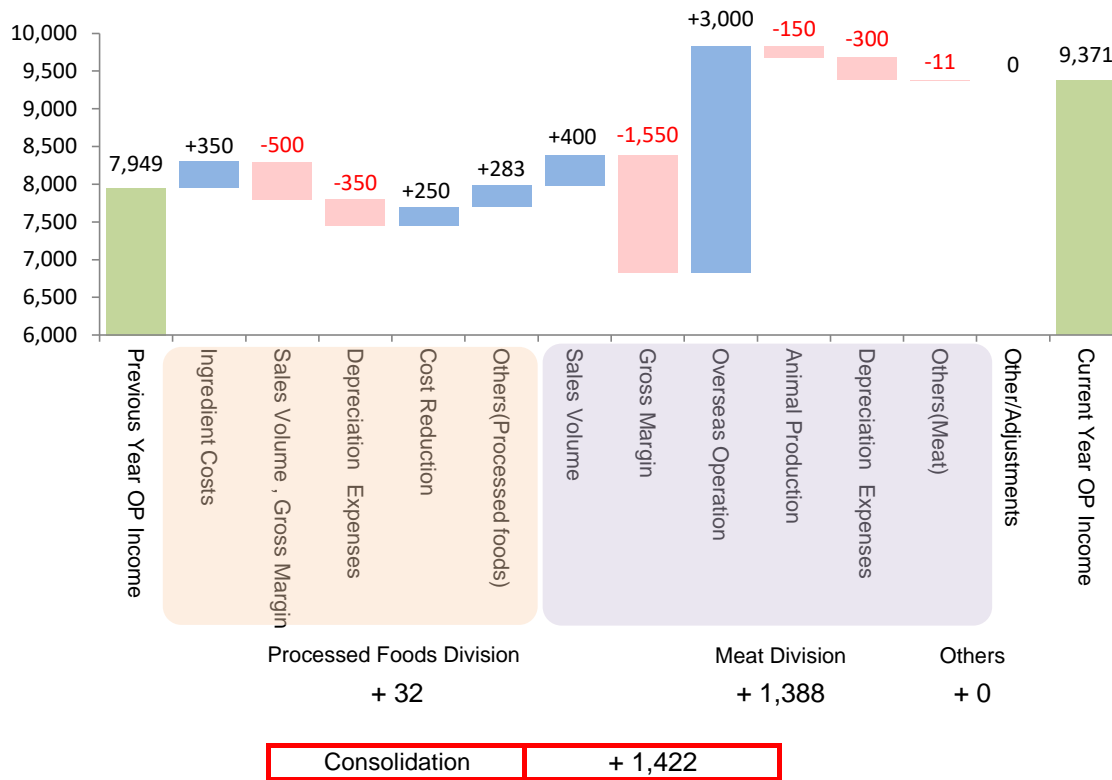
		First Half		Second Half		Year	
		2019 F'cast	Change	2019 F'cast	Change	2019 F'cast	Change
Processed Foods Division	Sales	146,396	3,834	149,604	227	296,000	4,061
	OP Margin	3,678	32	3,022	- 1,247	6,700	- 1,214
	% of Sales	2.5	- 0.1	2.0	- 0.8	2.3	- 0.4
Meat Division	Sales	283,924	2,144	270,576	- 2,221	554,500	- 76
	OP Margin	6,104	1,388	4,196	1,547	10,300	2,936
	% of Sales	2.1	0.4	1.6	0.6	1.9	0.6
Others/Adjustments	Sales	2,079	- 4	2,421	298	4,500	294
	OP Margin	- 411	0	- 589	- 216	- 1,000	- 216
Consolidated	Sales	432,400	5,975	422,600	- 1,696	855,000	4,279
	OP Margin	9,371	1,422	6,629	84	16,000	1,506
	% of Sales	2.2	0.3	1.6	0.0	1.9	0.2

Operating Income Variance (forecast)



Operating Income Variance (First Half)

(Million Yen)



Operating Income Variance (Second Half)

(Million Yen)

