

Consolidated Financial Results

for the Three Months Ended June 30, 2024 (Q1 FY2024)

(Japanese Accounting Standards)

Company name: ITOHAM YONEKYU HOLDINGS INC.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 2296
 URL: <https://www.itoham-yonekyu-holdings.com>
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Scheduled date of commencement of dividend payment: —
 Supplementary documents for financial results: Yes
 Quarterly results briefing: None

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024–June 30, 2024)

(1) Consolidated Results of Operations

(% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Three months ended								
June 30, 2024	235,771	3.6	3,929	(26.0)	4,369	(22.0)	2,956	(11.9)
June 30, 2023	227,558	7.2	5,311	(25.3)	5,600	(27.2)	3,357	(34.5)

(Note) Comprehensive income: Three months ended June 30, 2024 4,073 million Yen (27.2) %
 Three months ended June 30, 2023 5,592 million Yen (32.3) %

	Profit per share	Diluted profit per share
	Yen	Yen
Three months ended		
June 30, 2024	52.13	52.11
June 30, 2023	58.96	58.94

(Note) As the effective date on October 1 2023, we have completed a share consolidation (combining 5 shares of common stock into 1 share).
 In regard to above Profit per share and Diluted profit per share, it shows on the assumption of the share consolidation be carried out at the beginning of previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million Yen	Million Yen	%
As of June 30, 2024	486,302	282,260	57.9
As of March 31, 2024	462,570	285,326	61.5

(Reference) Shareholders' equity: As of June 30, 2024 281,593 million Yen
 As of March 31, 2024 284,616 million Yen

2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2024	—	0.00	—	125.00	—
March 31, 2025	—				
Fiscal year ending					
March 31, 2025		70.00	—	75.00	145.00
(Forecast)					

(Note) Changes to most recent dividend forecast : None

(Note) As the effective date on October 1 2023, we have completed a share consolidation (combining 5 shares of common stock into 1 share).

The Total annual dividend for the Fiscal year ended March 31, 2024 is shown as "—" because a simple sum is not appropriate.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025

(April 1, 2024 to March 31, 2025)

(% figures show year-on-year change)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
First Half	477,000	1.5	10,500	(0.8)	11,000	(10.6)	7,000	(7.8)	123.42
Full year	970,000	1.5	25,000	11.9	26,500	1.8	16,000	2.9	282.10

(Note) Changes to most recent financial results forecast : None

(Translated)

* 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 consolidation 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 : YES
 - (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:
 - As of June 30, 2024 : 57,471,011 shares
 - As of March 31, 2024 : 57,471,011 shares
 - (ii) Numbers of treasury shares at end of period:
 - As of June 30, 2024 : 754,420 shares
 - As of March 31, 2024 : 756,164 shares
 - (iii) Average number of shares outstanding during period:
 - As of June 30, 2024 : 56,716,778 shares
 - As of June 30, 2023 : 56,944,437 shares

(Note) As the effective date on October 1 2023, we have completed a share consolidation (combining 5 shares of common stock into 1 share).
In regard to above (iii), it shows on the assumption of the share consolidation be carried out at the beginning of the previous fiscal year.

* Review of the accompanying consolidated financial statements by a certified public accountant or an auditing firm : None

* 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.

(Access to Supplementary Explanations)

We will disclose the materials on TD-net and our website on the same days as this financial results.

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1. Overview of Operating Results and Financial Position

(1) Overview of operating results

○Our operating results and overview

◇Consolidated operating results

(% figures show year-on-year change)

Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
235,771	3.6	3,929	(26.0)	4,369	(22.0)	2,956	(11.9)

In a difficult business environment with rising raw material prices and logistics costs, sales increased, but operating profit, ordinary profit, and profit attributable to owners of parent all decreased due to the impact of reduced profits in the meat division, etc.

◇Operating results by reportable segment (% figures show year-on-year change)

	Net Sales		Ordinary profit	
	Million Yen	%	Million Yen	%
Processed Food Division	96,865	2.9	2,156	36.5
Meat Division	138,902	4.1	2,582	(39.9)

<Processed Food Division>

- Regarding Hams and Sausages, net sales increased driven by TV commercials and consumer campaigns to expand sales of the main products for consumer products.
- Regarding Cooked foods, net sales increased driven by expanded sales of convenient cooked foods and plant-based foods in addition to pizza and processed chicken foods to meet diversified consumer needs.
- Net sales and ordinary profit of the Processed food division increased due to the price revisions and cost reduction efforts in a difficult condition where raw material prices and domestic logistics costs continue to rise.

<Meat Division>

- In domestic business, net sales increased but profits decreased due to factors such as a decrease in sales volume of high-priced domestic and imported beef caused by a decline in consumer confidence, and a decrease in profits in the farm business caused by a slumping domestic chicken market.
- In overseas business, ANZCO Foods saw an increase in net sales, but profits decreased due to rising sea freight and sluggish exports to China.
- Net sales of Meat Division increased, but ordinary profit decreased due to lower profits both domestic and overseas business.

* For details on the overview of operating results, etc., please refer to the financial results briefing materials disclosed on TD-net today.

(2) Overview of financial positions

(Assets, liabilities and net assets)

- Total assets was 486,302 million yen, an increase of 23,731 million yen from the end of the previous consolidated fiscal year.
Increase factors: Increase in Inventories and Accounts receivable-trade
- Liabilities was 204,041 million yen, an increase of 26,796 million yen from the end of the previous consolidated fiscal year.
Increase factors: Increase in Short-term borrowings and Accounts payable - trade
- Net assets was 282,260 million yen, an decrease of 3,065 million yen from the end of the previous consolidated fiscal year.
Decrease factors: Decrease in Retained earnings due to Dividends paid

(Cash flows)

- The balance of cash and cash equivalents at end of period was 23,553 million yen, an increase of 635 million yen from the end of the previous consolidated fiscal year (An increase of 1,238 million yen in the same quarter previous year).
- Cash flows from operating activities decreased by 4,621 million yen (An increase of 326 million yen in the same quarter previous year).
Decrease factors: Increase in Inventories
- Cash flows from investing activities decreased by 5,592 million yen (A decrease of 3,336 million yen in the same quarter previous year).
Decrease factors: Acquisition of tangible assets
- Cash flows from financing activities increased by 10,408 million yen (An increase of 4,173 million yen in the same quarter previous year).
Increase factors: Increase in Short-term borrowings
Decrease factors: Dividends paid

2. Consolidated Financial Statements and Key Notes

(1) Consolidated balance sheets

(Million Yen)

	As of March 31, 2024	As of June 30, 2024
ASSETS		
Current assets		
Cash and deposits	23,225	23,860
Notes and accounts receivable-trade	110,986	116,012
Merchandise and finished goods	100,198	115,569
Work in process	1,981	2,124
Raw materials and supplies	23,292	27,561
Other	12,381	12,569
Allowance for doubtful accounts	(28)	(67)
Total current assets	272,036	297,629
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	38,945	38,425
Machinery, equipment and vehicles, net	32,344	31,234
Tools, furniture & fixtures, net	1,751	1,765
Land	26,720	26,649
Leased assets, net	2,862	2,795
Others, net	2,641	3,250
Total property, plant and equipment	105,265	104,120
Intangible assets		
Goodwill	16,798	16,406
Other	8,412	9,169
Total intangible assets	25,210	25,576
Investments and other assets		
Investment securities	34,699	33,271
Retirement benefit asset	18,625	19,052
Other	7,510	7,426
Allowance for doubtful accounts	(777)	(774)
Investments and other assets	60,058	58,975
Total non-current assets	190,534	188,673
Total Assets	462,570	486,302

	(Million Yen)	
	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	73,830	85,257
Electronically recorded obligations - operating	1,347	1,285
Short-term borrowings	39,815	57,767
Current portion of Long-term borrowings	106	100
Income taxes payable	3,892	333
Provision for bonuses	6,365	1,765
Provision for bonuses for directors (and other officers)	169	45
Other	35,706	40,991
Total current liabilities	161,234	187,545
Non-current liabilities		
Long-term borrowings	340	315
Retirement benefit liability	1,600	1,597
Asset retirement obligations	1,277	1,277
Other	12,792	13,305
Total non-current liabilities	16,010	16,495
Total liabilities	177,244	204,041
Net assets		
Shareholders' equity		
Capital stock	30,003	30,003
Capital surplus	89,430	89,432
Retained earnings	148,784	144,652
Treasury shares	(2,793)	(2,787)
Total shareholders' equity	265,424	261,300
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,228	8,519
Deferred gains or losses on hedges	(366)	(29)
Foreign currency translation adjustment	6,309	7,921
Remeasurements of defined benefit plans	4,019	3,881
Total accumulated other comprehensive income	19,191	20,292
Share acquisition rights	77	66
Non-controlling interests	632	600
Total net assets	285,326	282,260
Total liabilities and net assets	462,570	486,302

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

(Million Yen)

	Three months Ended June 30, 2023 (Apr 1, 2023 - Jun 30, 2023)	Three months Ended June 30, 2024 (Apr 1, 2024 - Jun 30, 2024)
Net sales	227,558	235,771
Cost of sales	195,353	203,643
Gross profit	32,204	32,127
Selling, general and administrative expenses	26,892	28,198
Operating profit	5,311	3,929
Non-operating income		
Interest income	54	74
Dividend income	145	149
Rental income	114	107
Subsidy income	170	21
Share of profit of entities accounted for using equity method	-	463
Other	451	202
Total non-operating income	936	1,019
Non-operating expenses		
Interest expenses	324	534
Rental expenses on real estate	34	32
Share of loss in investments accounted for using the equity method	279	-
Other	9	13
Total non-operating expenses	647	580
Ordinary profit	5,600	4,369
Extraordinary income		
Gain on sale of non-current assets	1	21
Gain on sale of investment securities	1	83
Total extraordinary income	2	105
Extraordinary losses		
Loss on retirement of non-current assets	23	43
Impairment loss	-	10
Loss on disaster	248	-
Loss on valuation of investment securities	-	37
Others	4	0
Total extraordinary losses	277	91
Profit before income taxes	5,326	4,383
Income taxes-current	639	333
Income taxes-deferred	1,319	1,079
Total income taxes	1,959	1,412
Profit	3,366	2,970
Profit attributable to non-controlling interests	9	13
Profit attributable to owners of parent	3,357	2,956

Consolidated statements of comprehensive income

(Million Yen)

	Three months Ended June 30, 2023 (Apr 1, 2023 - Jun 30, 2023)	Three months Ended June 30, 2024 (Apr 1, 2024 - Jun 30, 2024)
Profit	3,366	2,970
Other comprehensive income		
Valuation difference on available-for- sale securities	879	(710)
Deferred gains or losses on hedges	521	337
Foreign currency translation adjustment	39	881
Remeasurements of defined benefit plans	(99)	(126)
Share of other comprehensive income of entities accounted for using equity method	884	721
Total other comprehensive income	2,225	1,103
Comprehensive income	5,592	4,073
(Breakdown)		
Comprehensive income attributable to owners of parent	5,572	4,058
Comprehensive income attributable to non-controlling interests	19	15

(3) Consolidated statements of cash flows

(Million Yen)

	Three months Ended June 30, 2023 (Apr 1, 2023 - Jun 30, 2023)	Three months Ended June 30, 2024 (Apr 1, 2024 - Jun 30, 2024)
Cash flows from operating activities		
Profit before income taxes	5,326	4,383
Depreciation	2,872	3,148
Impairment losses	-	10
Increase (decrease) in provision for bonuses	(4,423)	(4,599)
Amortization of goodwill	396	401
Interest and dividend income	(200)	(224)
Interest expenses	324	534
Insurance claim income	(174)	(21)
Subsidy income	(170)	(21)
Loss on disaster	248	-
Share of loss (profit) of entities accounted for using equity method	279	(463)
Loss (gain) on sale of investment securities	1	(83)
Decrease (increase) in trade receivables	(3,052)	(4,806)
Decrease (increase) in inventories	(18,493)	(19,498)
Increase (decrease) in trade payables	14,013	11,268
Increase (decrease) in accounts payable - other	7,635	8,925
Increase (decrease) in retirement benefit liability	17	(6)
Decrease (increase) in retirement benefit asset	(473)	(607)
Other	1,385	130
Subtotal	5,515	1,529
Interest and dividends received	759	1,072
Proceeds from insurance income	174	22
Subsidies received	398	48
Interest paid	(324)	(534)
Payments associated with Loss on closing plants	-	(35)
Income taxes paid	(6,196)	(3,666)
Net cash provided by (used in) operating activities	326	(4,621)
Cash flows from investing activities		
Acquisition of tangible assets	(2,555)	(5,486)
Acquisition of intangible assets	(732)	(909)
Acquisition of investment securities	(17)	(12)
Proceeds from sale and redemption of investment securities	33	236
Loan advances	(59)	(59)
Proceeds from collection of loans receivable	44	48
Other	(48)	589
Net cash provided by (used in) investing activities	(3,336)	(5,592)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	11,252	17,727
Repayments of long-term borrowings	(32)	(31)
Purchase of treasury shares	(0)	(1)
Dividends paid	(6,771)	(6,997)
Other	(274)	(288)
Net cash provided by (used in) financing activities	4,173	10,408
Effect of exchange rate change on cash and cash equivalents	73	441
Net increase (decrease) in cash and cash equivalents	1,238	635
Cash and cash equivalents at beginning of period	22,359	22,917
Cash and cash equivalents at end of period	23,597	23,553

(4) Notes to consolidated financial statements

(Notes on Changes in Accounting Policies)

(Application of “Accounting Standard for Current Income Taxes”)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter, “Revised Accounting Standard 2022”), etc. has been applied since the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, “Revised Guidance 2022”). The change in accounting policies had no impact on the consolidated financial statements for the first quarter under review. With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the first quarter under review. The change in accounting policies was applied retrospectively to the consolidated financial statements for the first quarter of the previous fiscal year and the entire previous fiscal year. The change in the accounting policies had no impact on the consolidated financial statements for the first quarter of the previous fiscal year or the entire previous fiscal year.

(Notes on Segment information, etc.)

I For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

1. Information on net sales, profit or loss, assets and other items, for each reportable segment

	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							
Sales to outside customers	94,094	133,460	227,554	3	227,558	-	227,558
Intersegment sales and transfers	9,556	16,802	26,359	221	26,580	(26,580)	-
Total	103,651	150,262	253,913	224	254,138	(26,580)	227,558
Segment profit (loss)	1,579	4,297	5,877	(3)	5,873	(272)	5,600

(Note)

1. "Others" segment which is not included in the reportable segments such as human resource and payroll related services.
2. Adjustment on segment profit is mainly due to the amortization of goodwill of (347) million yen
3. Segment profit (loss) is adjusted to ordinary profit in the quarterly consolidated statements of income.

II For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Information on net sales, profit or loss, assets and other items, for each reportable segment

	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							
Sales to outside customers	96,865	138,902	235,767	4	23,771	-	235,771
Intersegment sales and transfers	9,095	19,319	28,414	231	28,646	(28,646)	-
Total	105,960	158,221	264,182	235	264,418	(28,646)	235,771
Segment profit (loss)	2,156	2,582	4,739	5	4,744	(375)	4,369

(Note)

1. "Others" segment which is not included in the reportable segments such as human resource and payroll related services.
2. Adjustment on segment profit is mainly due to the amortization of goodwill of (347) million yen
3. Segment profit (loss) is adjusted to ordinary profit in the quarterly consolidated statements of income.

2. Matters related to changes in reportable segments, etc.

From this first quarter, there has been a transfer of sales to outside customers between segments and a transfer of segment profits or losses between segments due to changes in the department responsible for expenses, etc.
Segment information for the previous fiscal year shows by the above changes.

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

Not applicable.

(Notes on going concern assumptions)

Not applicable.