



FY2022 Financial Results

April 1, 2021–March 31, 2022

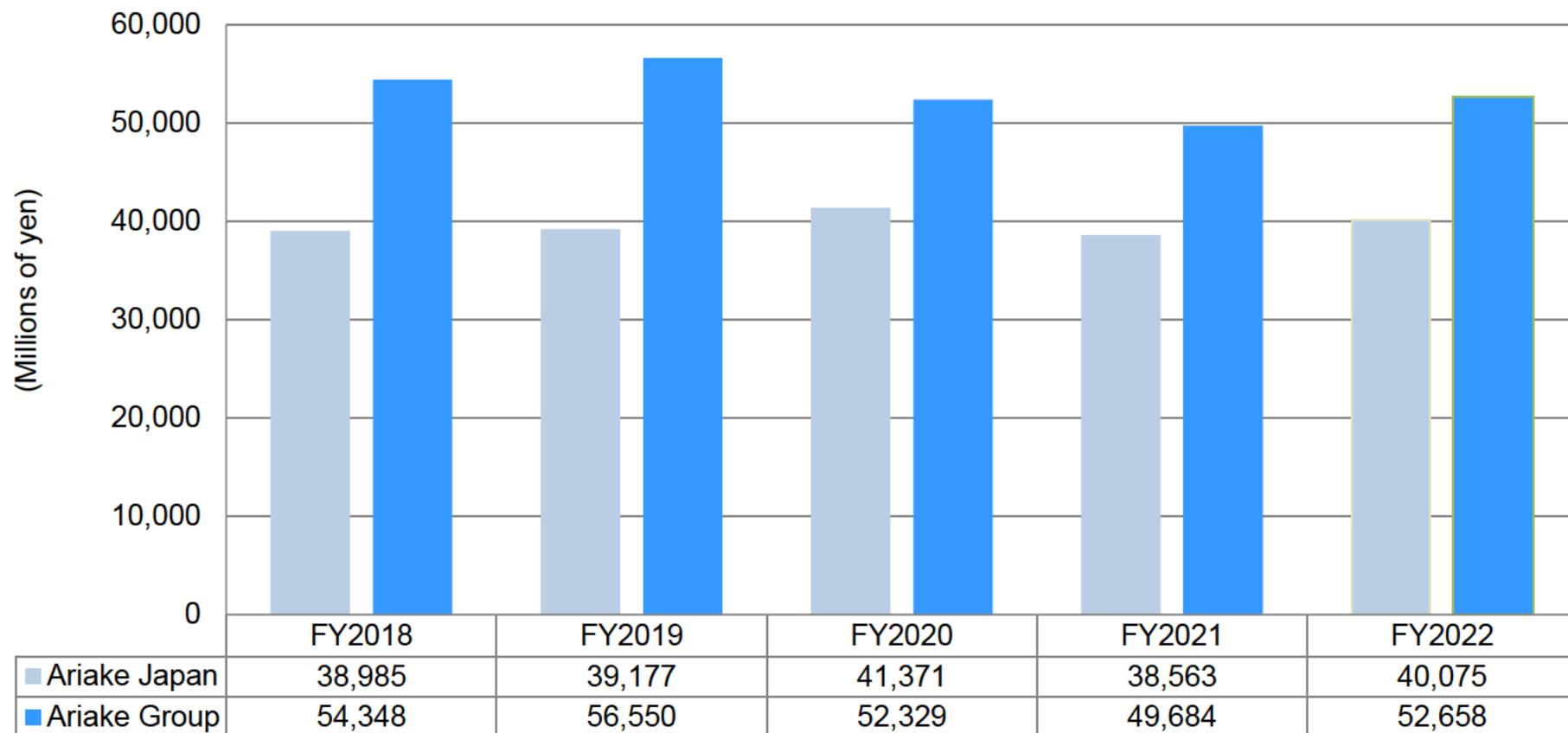
In Telephone Conference on May 12, 2022

ARIAKE JAPAN Co., Ltd. (Code number: 2815)

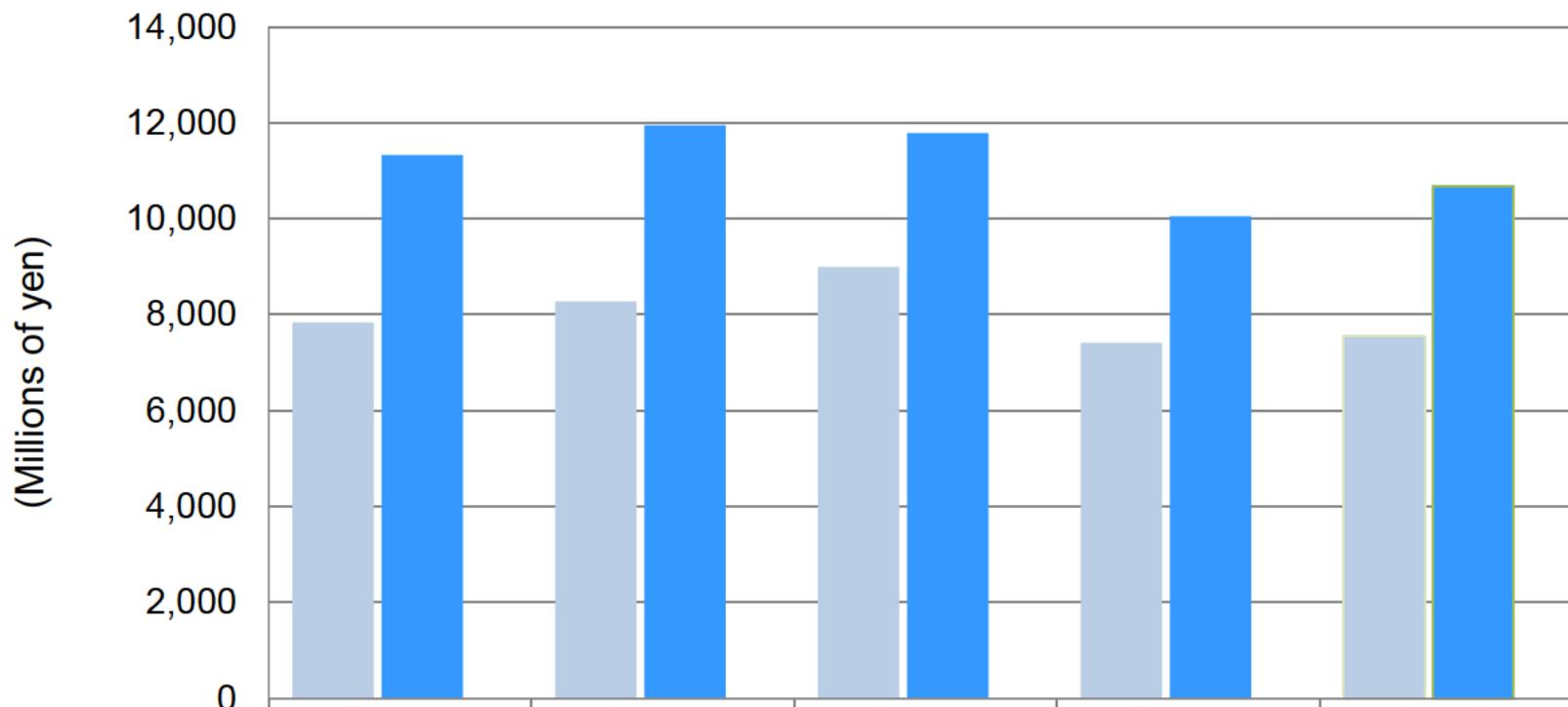
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Consolidated and Non-consolidated Net Sales

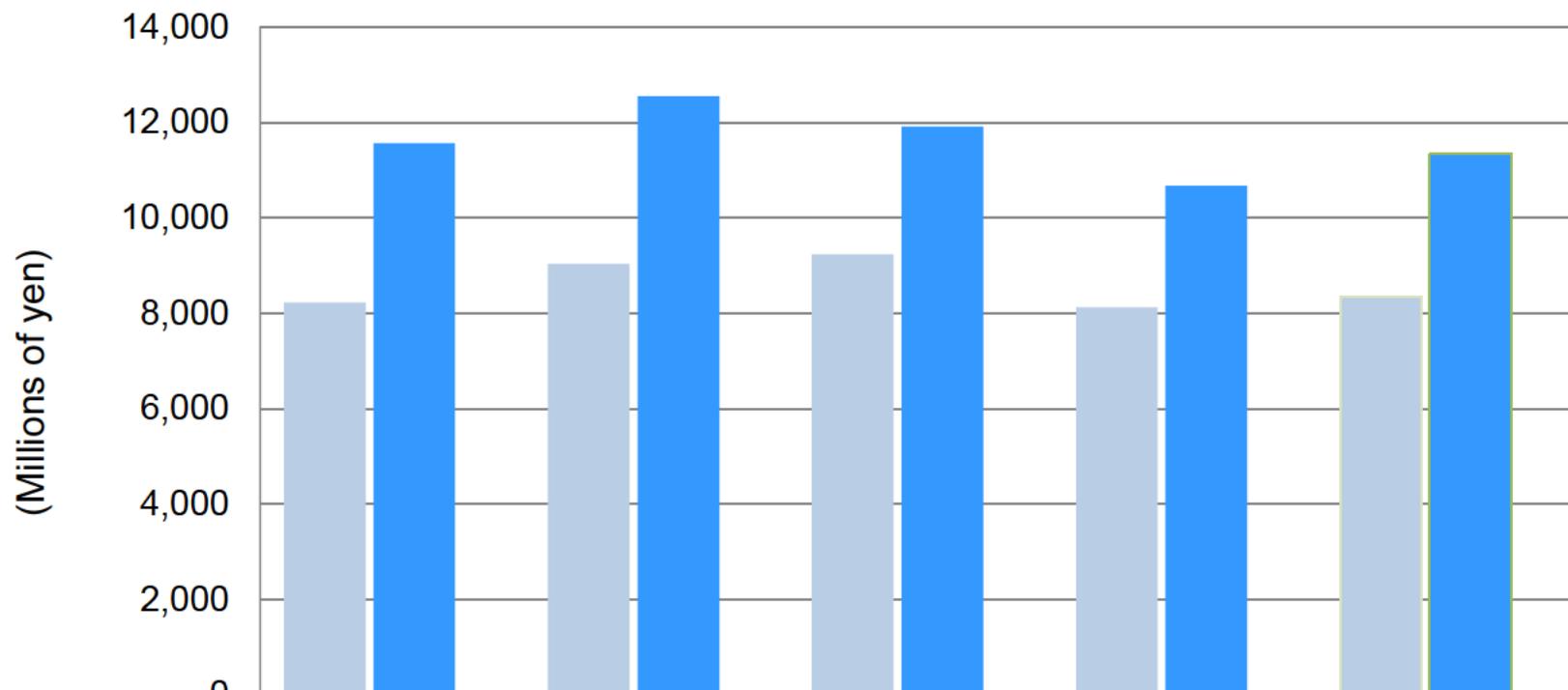


Consolidated and Non-consolidated Operating Income



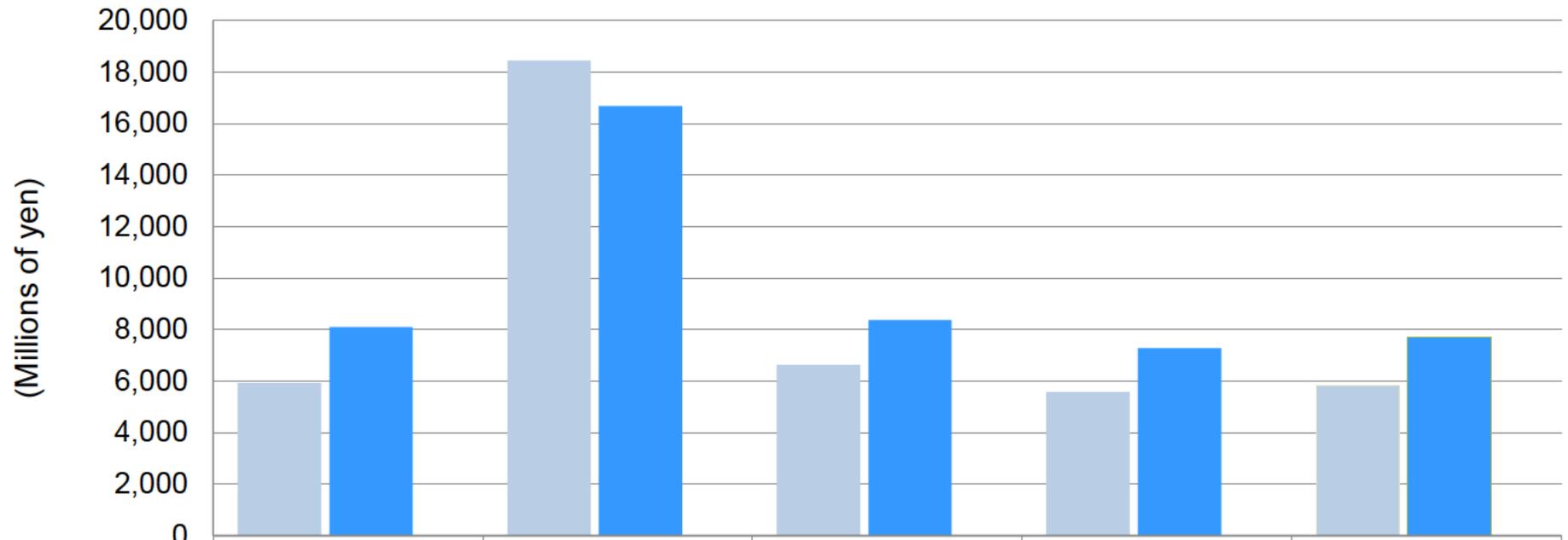
	FY2018	FY2019	FY2020	FY2021	FY2022
■ Ariake Japan	7,838	8,275	8,998	7,407	7,551
Operating income margin	20.1%	21.1%	21.7%	19.2%	18.8%
■ Ariake Group	11,329	11,949	11,789	10,046	10,682
Operating income margin	20.8%	21.1%	22.5%	20.2%	20.3%

Consolidated and Non-consolidated Ordinary Income



	FY2018	FY2019	FY2020	FY2021	FY2022
■ Ariake Japan	8,224	9,027	9,233	8,116	8,357
Ordinary income margin	21.1%	23.0%	22.3%	21.0%	20.9%
■ Ariake Group	11,570	12,546	11,908	10,675	11,340
Ordinary income margin	21.3%	22.2%	22.8%	21.5%	21.5%

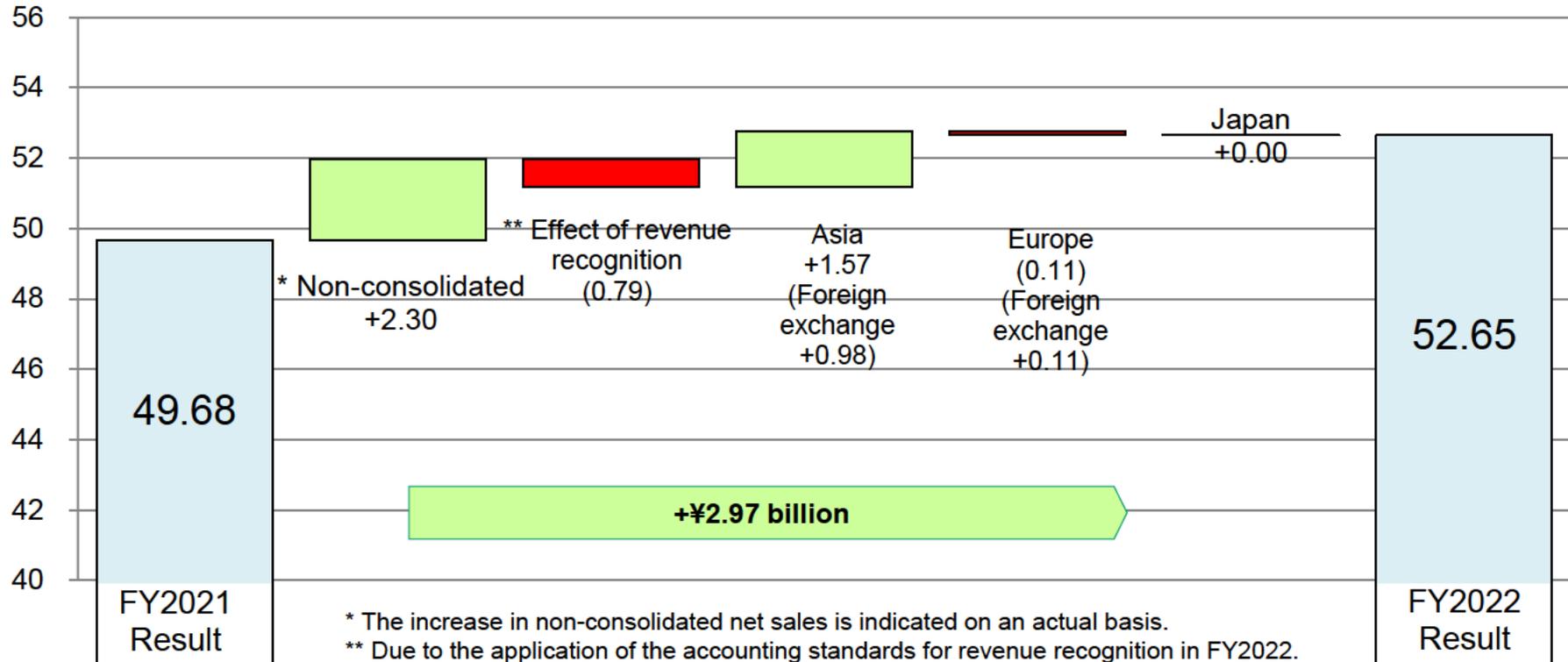
Consolidated and Non-consolidated Net Income Attributable to Shareholders of Parent Company



	FY2018	FY2019	FY2020	FY2021	FY2022
■ Ariake Japan	5,926	18,438	6,633	5,578	5,841
Net income margin	15.2%	47.1%	16.0%	14.5%	14.6%
■ Ariake Group	8,099	16,677	8,375	7,277	7,708
Net income margin	14.9%	29.5%	16.0%	14.6%	14.6%

Net Sales [Comparison with FY2021 Results] [1]

(Billions of yen)



Net Sales [Comparison with FY2021 Results and Plan]

* Subsidiaries' figures are after consolidation adjustments

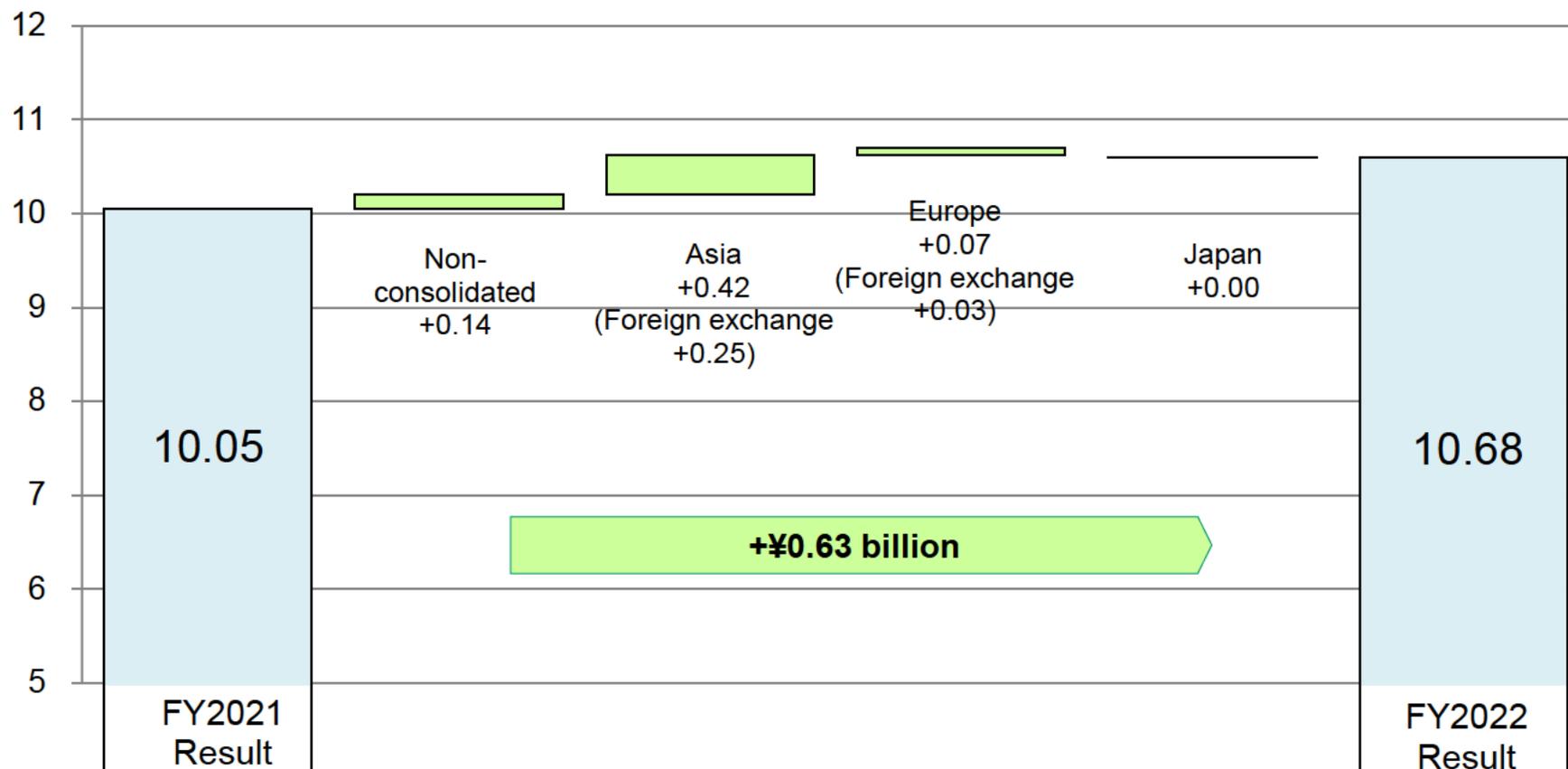
(Billions of yen)

	FY2022 (A)	FY2021 (B)	Change (A-B)	Plan			
				FY2022 (C)	Change (A-C)		
Ariake Japan	40.07	38.56	1.51	3.9%	-	41.50	(1.43)
Subsidiaries total*	12.58	11.12	1.46	13.2%	3.3%	12.80	(0.22)
Asia	8.33	6.76	1.57	23.3%	8.6%	8.00	0.33
Europe	3.98	4.09	(0.11)	-2.7%	-5.4%	4.50	(0.52)
Japan	0.27	0.27	0.00	0.8%	-	0.30	(0.03)
Ariake Group	52.65	49.68	2.97	6.0%	3.8%	54.30	(1.65)

EUR	130.51	126.95	3.56	129.00
RMB	18.06	15.88	2.18	16.70
TWD	4.15	3.68	0.47	3.84
IDR	0.0081	0.0074	0.0007	0.0076

Operating Income [Comparison with FY2021 Results]

(Billions of yen)



Operating Income [Comparison with FY2021 Results and Plan]

* Subsidiaries' figures are after consolidation adjustments

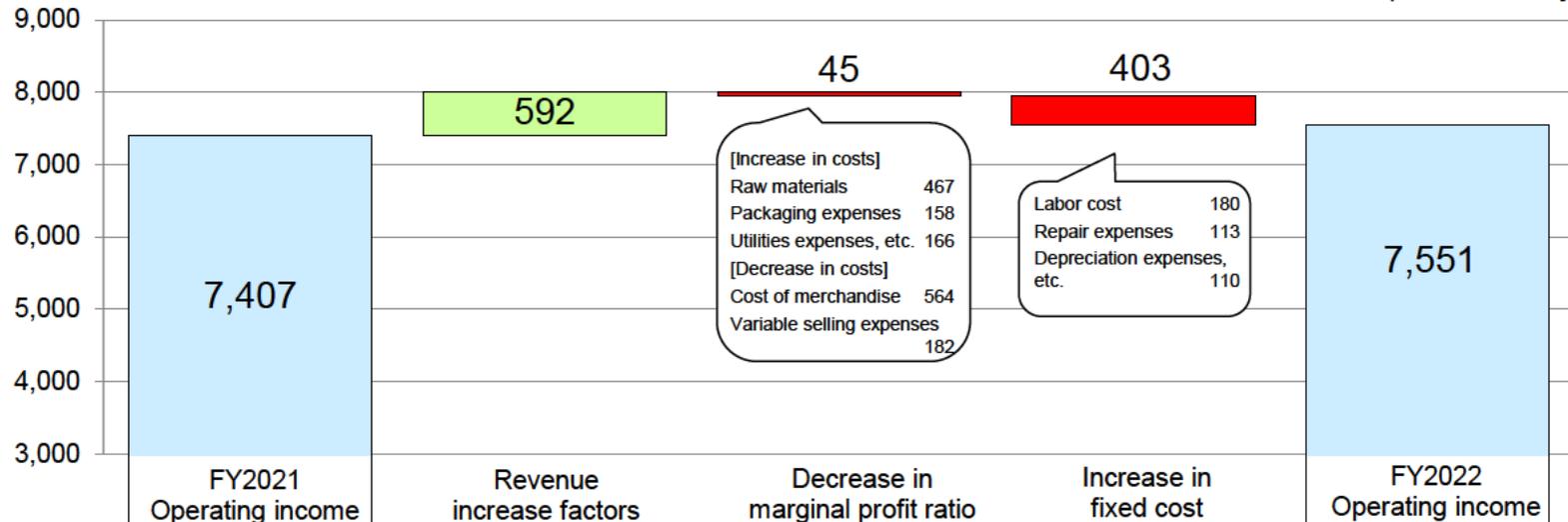
(Billions of yen)

	FY2022 (A)	FY2021 (B)	Change (A-B)			Plan	
				%	Currency neutral	FY2022 (C)	Change (A-C)
Ariake Japan	7.55	7.41	0.14	1.9%	-	8.30	(0.75)
Subsidiaries total*	3.13	2.64	0.49	18.6%	8.2%	3.50	(0.37)
Asia	2.09	1.67	0.42	25.1%	10.4%	2.20	(0.11)
Europe	1.03	0.96	0.07	7.0%	4.5%	1.20	(0.17)
Japan	0.01	0.01	0.00	0.0%	-	0.10	(0.09)
Ariake Group	10.68	10.05	0.63	6.3%	3.7%	11.80	(1.12)

[Comparison with FY2021 Results] Non-consolidated Business Summary (Income Change Factors)

■ **Operating income: ¥7,551 million** Year-on-year increase of ¥144 million (+1.9%)

(Millions of yen)



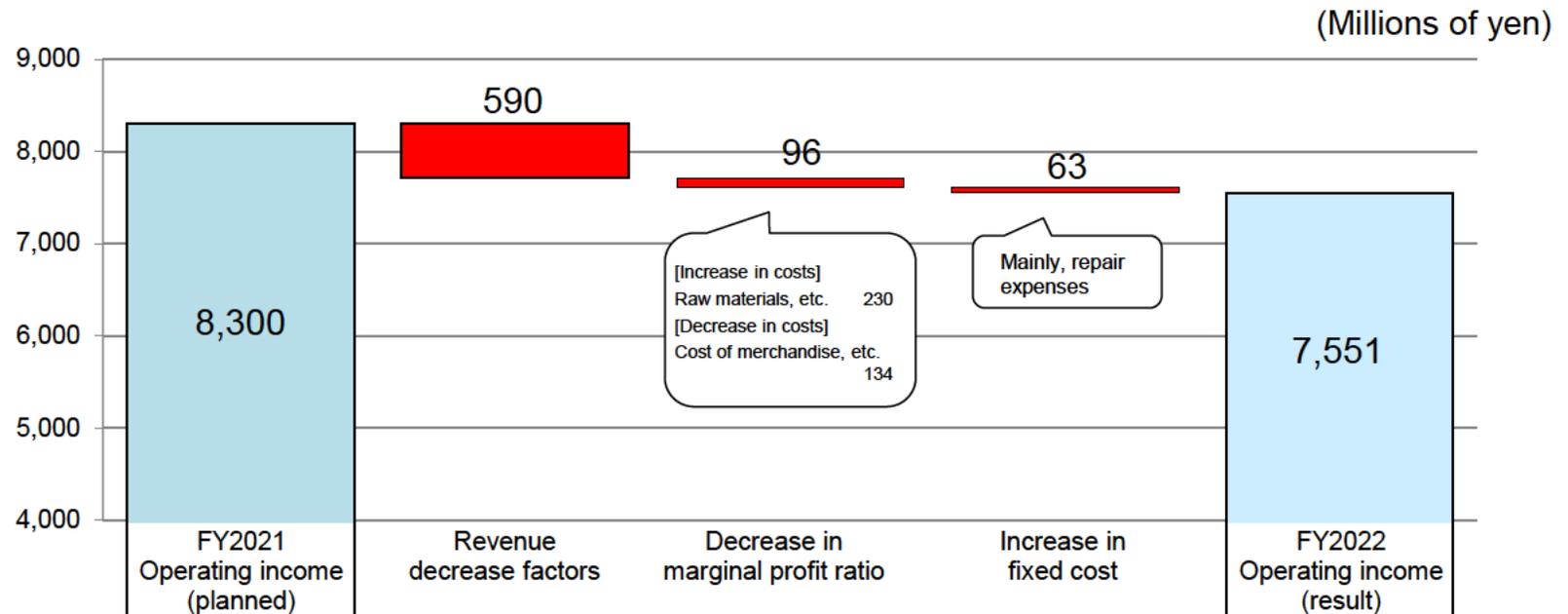
■ **Ordinary income: ¥8,357 million** Year-on-year increase of ¥240 million (+3.0%)

(Millions of yen)

Increase factors	Increase in operating income	144
	Foreign exchange gains	147
	Dividend income, etc.	48
Decrease factors	Provision of allowance for doubtful accounts	(63)
	Interest income, etc.	(36)
Total		240

[Comparison with FY2022 Plan]
Non-consolidated Business Summary (Income Change Factors)

■ **Operating income: ¥7,551 million** Falling short of the plan by ¥749 million (-9.0%)



■ **Ordinary income: ¥8,357 million** Falling short of the plan by ¥443 million (-5.0%)

(Millions of yen)

Increase factors	Foreign exchange gains	315
	Dividend income, etc.	54
Decrease factors	Decrease in operating income	(749)
	Provision of allowance for doubtful accounts	(63)
Total		(443)

Business Summary by Geographical Area

Asia

- ❑ Net sales and profits increased in China due to the recovery trend since the beginning of the year, returning to pre-COVID-19 levels.
- ❑ Although Taiwan was affected by the COVID-19 pandemic for about three months from June, the business recovered in the second half of the year and is tracking at the same level as the previous fiscal year for the full year.
- ❑ Exports to Japan and domestic sales were strong in Indonesia.

Europe

- ❑ Although orders from restaurants started to recover, net sales decreased. This reflects the absence of special procurement by industrial customers during the previous fiscal year. Meanwhile, profits rose due partly to an increase in exports to Japan, resulting in a higher profit.

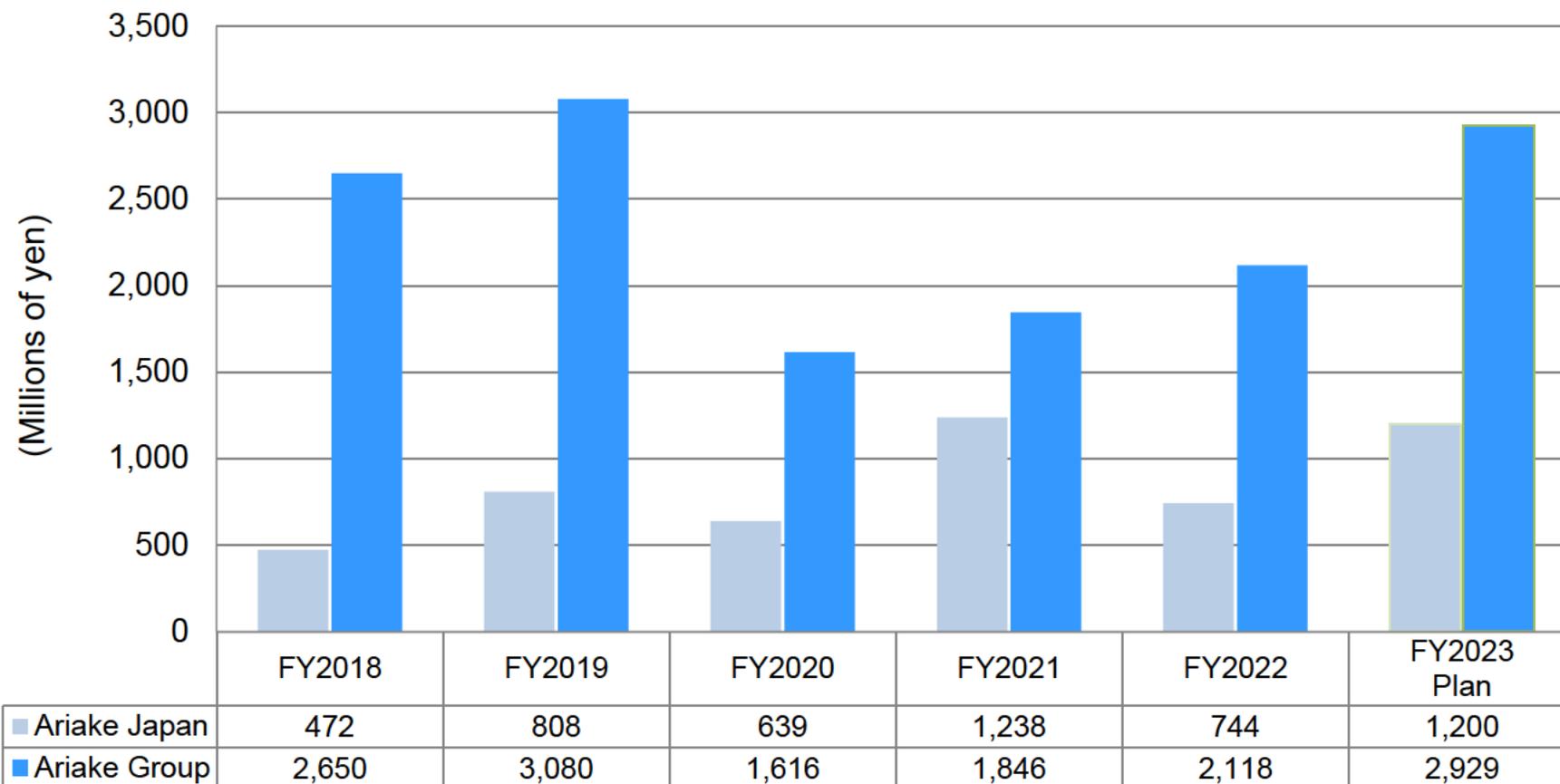
FY2023 Plan by Geographical Area

* Subsidiaries' figures are after consolidation adjustments (Billions of yen)

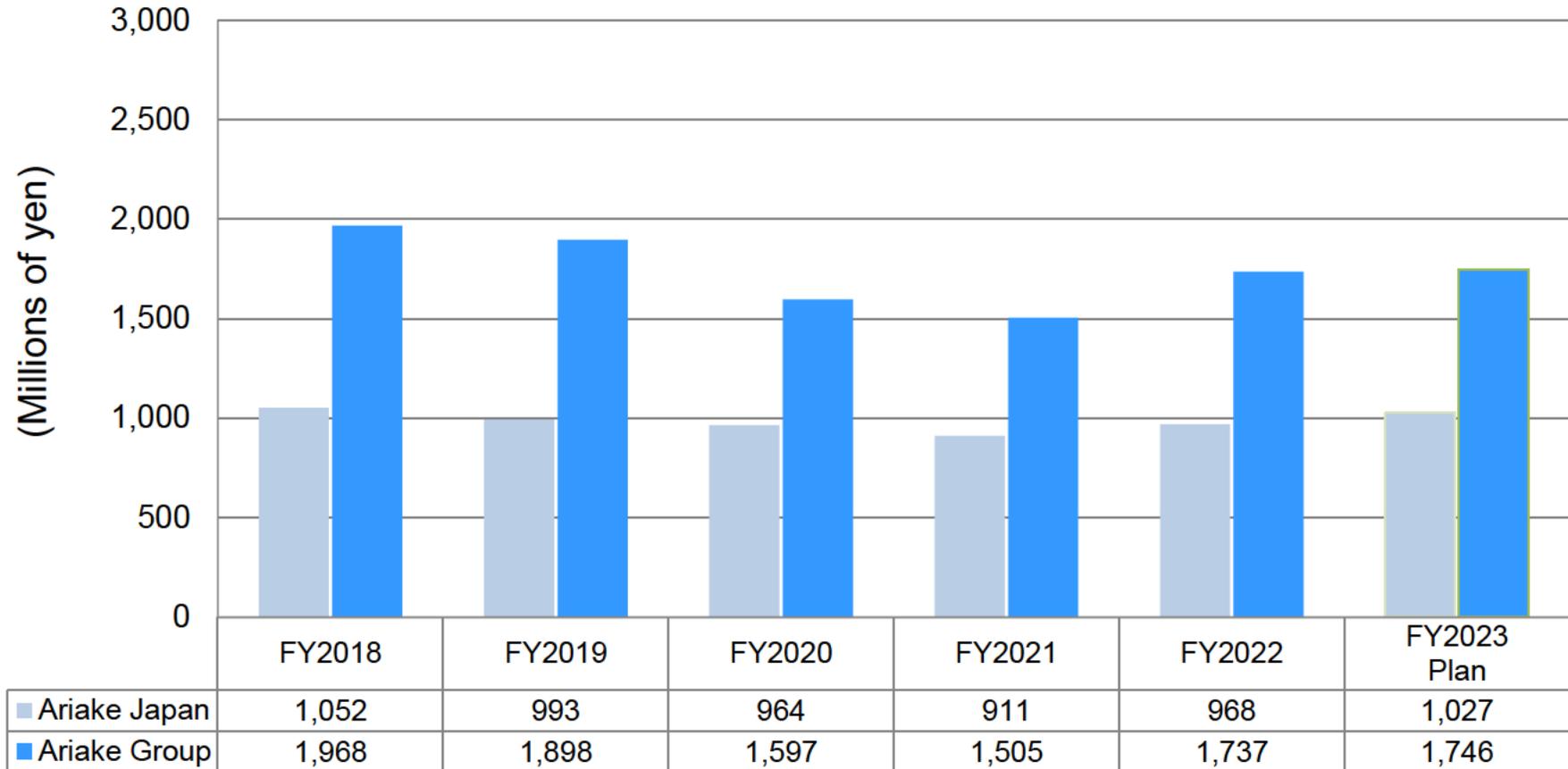
	Net Sales			Operating income		
	FY2023 Plan (A)	FY2022 Result (B)	Difference A-B	FY2023 Plan (A)	FY2022 Result (B)	Difference A-B
Ariake Japan	42.0	40.1	1.9	8.4	7.6	0.8
Subsidiaries total*	14.1	12.6	1.5	3.3	3.1	0.2
Asia	9.4	8.3	1.1	2.4	2.1	0.3
Europe	4.4	4.0	0.4	0.9	1.0	(0.1)
Japan	0.3	0.3	0.0	0.0	0.0	0.0
Ariake Group	56.1	52.7	3.4	11.7	10.7	1.0

EUR	130.00	130.51	(0.51)
RMB	18.00	18.06	(0.06)
TWD	4.00	4.15	(0.15)
IDR	0.008	0.008	(0.000)

Consolidated and Non-consolidated Capital Expenditures



Consolidated and Non-consolidated Depreciation Expenses



Future Business Plan 1 [Consolidated and Non-consolidated, Overview]

□ **Ariake Group**

For FY2025, we are targeting consolidated net sales of ¥63.2 billion or more (with an overseas sales ratio of 30% or more), and an operating income to net sales ratio of 20% or more.

We will further deploy operational resources to markets with potential for sustainable growth.

In the long term, we will implement the sales strategy to be described later, aiming to achieve sales of ¥50 billion in Japan, ¥50 billion overseas, and ¥100 billion in total in 2030.

□ **Ariake Japan**

We plan to develop new products (soybean- and vegetable-based products, etc.) and markets (B2C products assuming distribution, e-commerce, etc.) while identifying changes in consumer tastes and business formats in the domestic market, aiming at gaining greater market share.

Future Business Plan 1
[Consolidated and Non-consolidated, Mid-term Three-Year Plan]

(Billions of yen)

		Result		Plan		
		FY2021	FY2022	FY2023	FY2024	FY2025
Net Sales	Ariake Japan	38.6	40.1	42.0	43.0	44.0
	Consolidated Subsidiaries	13.9	15.8	17.4	19.9	22.7
	Consolidation Adjustments	(2.8)	(3.2)	(3.3)	(3.4)	(3.5)
	Consolidated Net Sales	49.7	52.7	56.1	59.5	63.2
Operating Income	Ariake Japan	7.5	7.6	8.4	8.6	8.8
	Consolidated Subsidiaries	2.6	3.1	3.3	3.6	4.1
	Consolidated Operating Income	10.1	10.7	11.7	12.2	12.9

Future Business Plan 2 [Ariake Japan (1)]

□ **Medium- to long-term plan**

Starting at ¥42 billion in FY2023, we aim to increase sales by ¥1 billion every fiscal year to reach ¥50 billion in 2030. The strategy will include a well-balanced combination of new and existing categories.

□ **Development and sales expansion in new categories**

In the new categories, we will develop and expand sales of not only livestock meat products, but also plant-based products using soybeans and vegetables as ingredients, as well as business-to-consumer (B2C) products that break away from the conventional business use and processing framework. Plant-based food is attracting attention from the viewpoint of health and environmental consciousness. The market for it, estimated to reach ¥38 trillion by 2035, is promising. In addition, developing such B2C products will enable us to create our own market that does not depend on customers' sales trends or product policies.

Future Business Plan 2 [Ariake Japan (2)]

□ **Product development strategy and market creation**

We will endeavor to create new markets by developing differentiated products that competitors do not make.

□ **Differentiation**

- (1) Fill a space that has yet to be dominated by competitors in a single existing attribute.
- (2) Discover problems that competitors have not yet identified, and develop products that improve our ability to solve such problems.
- (3) Differentiation that fulfills needs and strikes a chord with consumers will win in the marketplace.

Future Business Plan 2 [Ariake Japan (3)]

□ B2C strategy

We plan to develop sales of new B2C products under the new categories starting from Nagasaki Prefecture, where our plants are located.

- (1) Promotion using TV commercials, the Internet, etc.
- (2) Co-creation with marketers
- (3) Sales in cooperation with local major supermarket stores
- (4) Expansion from Nagasaki into Fukuoka, Kyushu, and other prefectures and regions in Japan
- (5) Expansion from local supermarket stores to nationwide major supermarket chains
- (6) Implement the strategy for future developments in the U.S.

Future Business Plan 3 [Overseas (1) – Belgium]

▣ B2C strategy based on UHT straight bouillon

We are currently building an ultra-high-temperature (UHT) treatment facility and expanding the extraction facility at our plant in Belgium, in which we invested ¥2.5 billion. Both facilities are expected to start operating in November.

Utilizing the facilities, we will manufacture high-quality UHT straight bouillon using fully natural raw ingredients, and sell the products mainly for home use in France. The market for UHT straight bouillon is already valued at nearly a ¥200 billion in the U.S., ¥20 billion in Spain, and ¥4 billion in Italy. Based on the population ratio (65 million in France, 60 million in Italy, 47 million in Spain), the market in France is expected to be worth ¥25 billion.

As a way to grow sales, we are negotiating with France's leading supermarket chain to sell our products under the trademark of a famous French chef. Chicken bouillon is widely used in the country as a cooking base, and we forecast it to be a certain sales booster. Along with sales for home use, we will expand this market into the food service industry.

With the strategy centered around UHT bouillon, we aim for sales of approximately ¥10 billion in 2030.

Future Business Plan 3 [Overseas (1) – Belgium]

□ Manufacture of UHT straight bouillon

We have established a new extraction method for UHT straight bouillon. Two product types will be on offer: a general-purpose clear bouillon, and a cloudy bouillon for stews. In addition, the by-products, stock and meat, will be dried using a spray dryer at our plant in France and turned into products we can sell. As such, reducing residue disposal and raw material costs will help to significantly improve profits.



Future Business Plan 3 [Overseas (2) – France]

- Sales of powder products for industrial applications using a spray-drying technique

In Europe, bouillon and stock seasonings are mainly sold in powder form. As such, we will manufacture and sell powder seasonings in addition to the traditional liquid form.

They can be produced efficiently by our superior integrated production process, from extraction to drying.

The construction of spray-driers and buildings, in which we have invested ¥800 million, is proceeding smoothly and they are scheduled to begin operating in September. Their production capacity will be approximately 100 tons/month, and we forecast net sales will be ¥1 billion/year. We will also produce blended powder products based on the spray-drying technique. Together, we are aiming for sales of ¥4 billion in 2030, which is nearly 2.5 times the current figure.

Stock powder, meat powder, etc. dried with spray-driers will be sold mainly for industrial use in Europe. Since bouillon and stock from our plants in France and by-products of UHT extractions from our plants in Belgium will also be used as ingredients, we will be able to manufacture products according to the market's (customers') purpose of use, as well as to help lower the cost of those products for customers.

Future Business Plan 3 [Overseas (2) – France]

FPNI Spray-Drier Facility Construction in France



Construction of the spraying facility building. Construction of the building and the drying facility inside it is proceeding smoothly.



Area where powder in the main chamber is collected



Hot wind generator



The main chamber and cyclone

Future Business Plan 3 [Overseas (3) – China]

□ China

We have acquired a 53,000-m² plot of land in an industrial complex in Rizhao City, China. Constructing of a new plant and facilities will start in 2023, and we aim to begin operating in 2024. The total investment is expected to be ¥5 to 6 billion, with a final production capacity of approximately ¥25 billion.

For the time being, we will work to increase sales mainly to current major customers, namely restaurants, food processors, and convenience stores. At the new plant, we plan to install lines that can produce finished products for consumers, and will make cooked and processed products based on natural seasonings. We aim to establish the Ariake brand by expanding the market for household products, since in the past we mainly produced ingredients for conventional seasonings.

Our forecast suggests that the Chinese market holds plenty of promise, and we are targeting sales of ¥10 billion in FY2027 and ¥25 billion in 2030.

Keeping in mind an increase in labor costs and declining birth rates in China, we will build an advanced automated plant there based on our accumulated experience and the latest technologies to improve productivity.

Future Business Plan 3 [Overseas (4) – Taiwan and Indonesia]

□ Taiwan

Since most of our existing customers in Taiwan are restaurants, we are now boosting sales activities aimed at food processors (instant noodles, convenience stores, vendors, finished-product manufacturers for consumers, etc.) and health food manufacturers.

By adopting a Japanese-style proposal-based sales approach, we will meet customer requirements and suggest related products that customers may be unaware of. In addition to expanding the product line-up through such endeavors, we may also adopt a spray-drier and an ingredient filling and packaging machine. As for technology, we have assigned special staff for Taiwan at our R&D in Japan and formed an organization to discuss technology-related issues.

□ Indonesia

We are strengthening channels for exporting ingredients from Indonesia to Japan while raising sales within Indonesia itself. Going forward, we will also expand our business deeper into Asia.

Sales to food processors and restaurants in Indonesia, Singapore, and other Southeast Asian countries have increased, and growing to account for 30% of our total sales. In addition, chicken meat powder (for halal), a new addition to our product range, is helping to increase sales even further.

In an effort to further gain an edge in boosting sales, we are working to acquire Malaysia Halal certification.

Future Business Plan 3 [Overseas (5) – The U.S.]

▣ Advancing into the U.S. market again

New investment will become possible in the U.S. market in 2024 and beyond.

As such, we are considering advancing into the U.S. again and have engaged with the Economic Development Organization in Virginia and Georgia on the east coast to choose candidate locations.

We are considering selling mainly B2C products in the U.S.

Demand for non-animal and plant-based products is growing in the U.S., and it is said that the market is valued at ¥1 trillion. We are currently working on plant-based products as a new category in Japan, with a view to expanding it to the U.S. as well.

Another pillar in the U.S. would be manufacturing of finished products for consumers (cooked and processed products).

We plan to manufacture and sell high-quality products with improved convenience by further advancing our production technologies, which we have cultivated through producing beef stew, curry, etc. targeted at convenience stores in Japan.

Development of such products is currently underway in Japan.

Ariake Group's Global Seven-Pillar System



Henningesen
Nederland B.V.



QINGDAO ARIAKE
FOODSTUFF CO., LTD.



Ariake Europe NV

F. P. Natural
Ingredients SAS

ARIAKE JAPAN CO., LTD.
TAIWAN ARIAKE FOOD CO., LTD.



PT. Ariake Europe Indonesia



Commitment to Sustainability

□ Promoting sustainability management

Partly in light of the revised CG code, we are working to support sustainability initiatives, including climate change measures, with reference to the TCFD recommendations.

Specifically, we have developed a sustainability management strategy (basic policy, vision, management policy), established a sustainability committee, developed a process to identify materialities, identify materialities, set main KPIs for initiatives, and so on.

□ KPIs

We have established KPIs by taking into account climate change efforts, business activities, and opportunities for efforts to tackle climate change. The following lists target values for FY2031.

- CO₂ emissions (scopes 1 and 2): Reduce by 60% (compared to the 2020 level)
- Ratio of sales of new category products: 5% (with respect to total sales)
- Food industry waste: Reduce by 20% (compared to the FY2022 level)
- Amount of water used in manufacturing plants: Reduce by 10% (compared to the FY2021 level)

Commitment to Boosting Environmental Value

We are actively engaged in decarbonization to address global warming. In addition to switching to renewable energy for the electricity used at our domestic production plants in April 2021, we have been proactively working to change LNG vaporizers from the steam system to the air-heating system, improve energy saving with air conditioning equipment, use boiler exhaust gases effectively, and so on. As a result, our Nos. 1 and 2 Kyushu Plants reduced their total CO₂ emissions by approximately 50% in FY2022 compared to the 2020 level.

In addition, we started to use electricity from our own on-site renewable energy source, made possible with solar a photovoltaic system (onsite power purchase agreements (PPA)) on May 1, 2022. Because the space available for installation was limited, we introduced a carport-type solar photovoltaic system as well as placing a solar photovoltaic system on the rooftop at our plants. The total generation capacity will be 2,569.3 kW and the annual energy production will be approximately 3 million kWh (covering approximately 1,010 general households), from which we can expect to reduce CO₂ emissions by approximately 1,360 tons/year. Note that this project has been selected for "Best Practices for Projects to Introduce New Self-Consumption Solar Photovoltaic Systems, such as Solar Carports" by the Ministry of the Environment. Going forward, we will continue to commit to the SDGs and sustainability management by considering further energy saving, waste-to-energy, and waste-reducing measures.



- This presentation material is a tool for understanding our business and is not intended to solicit investment.
- Descriptions regarding the future, including financial forecasts contained in this material, are based on certain information currently available to the Company and particular assumptions, which are, at the discretion of the Company, deemed to be reasonable. They contain various uncertain factors, such as foreign exchange and interest rates, the international situation, market trends and economic conditions, competition, production capacity, future sales, profitability and capital expenditure, the situation for other financial indicators, the legal, political and regulatory situation, and the impact of diseases and health issues, which may cause the actual results to differ from the contents in this presentation. The Company does not give any assurances to the accuracy and completeness of such information.