



FY2023 Financial Results

April 1, 2022–March 31, 2023

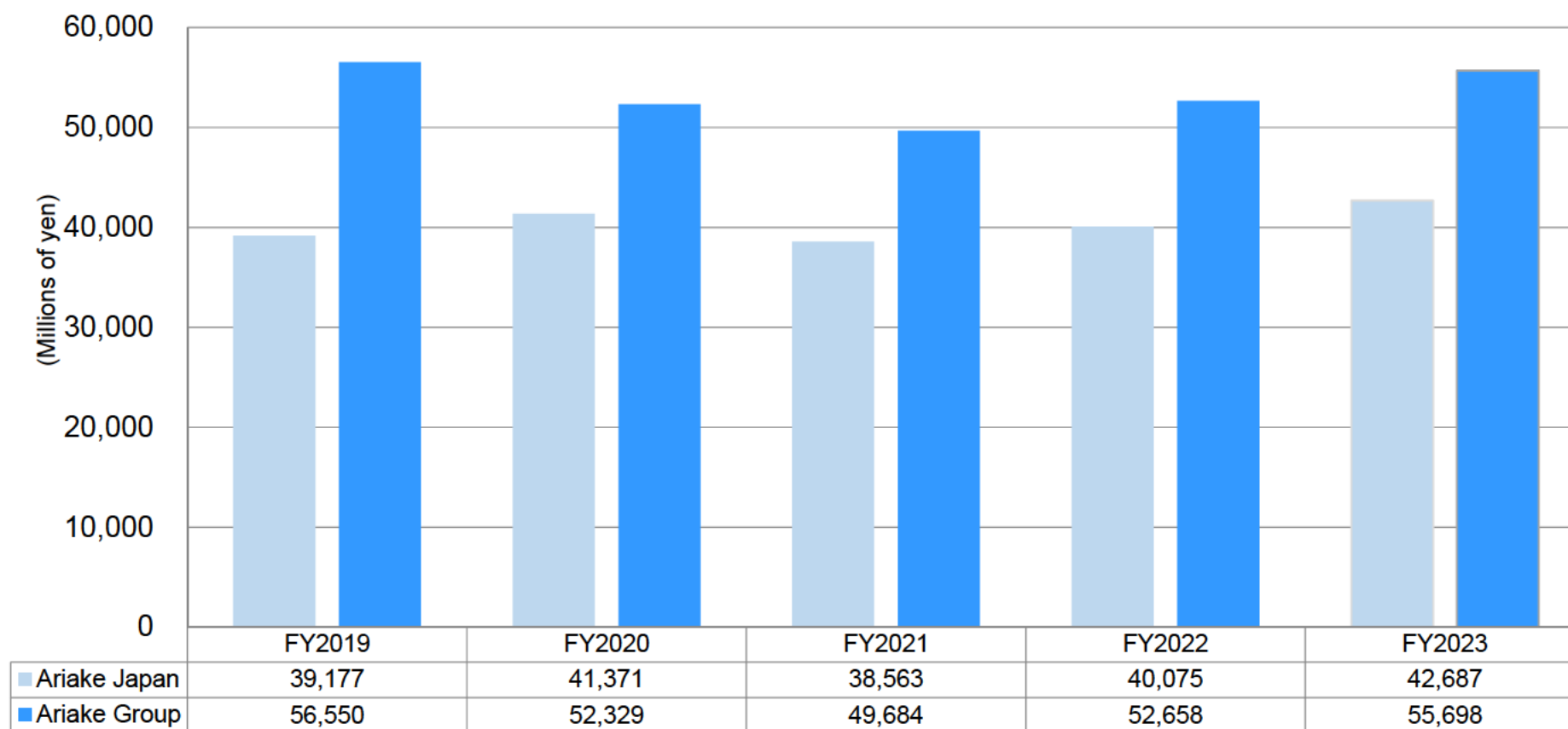
In Telephone Conference on May 12, 2023

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

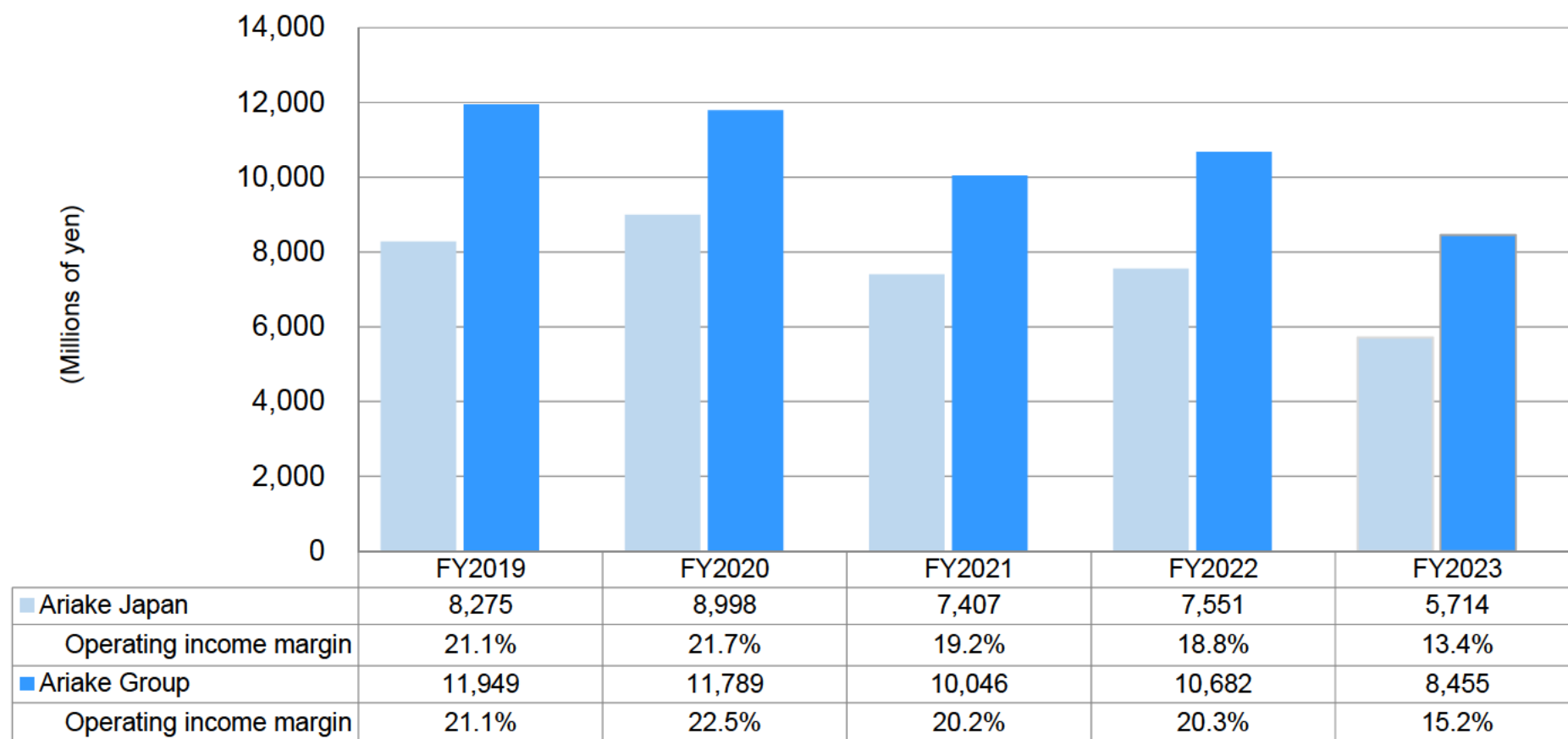
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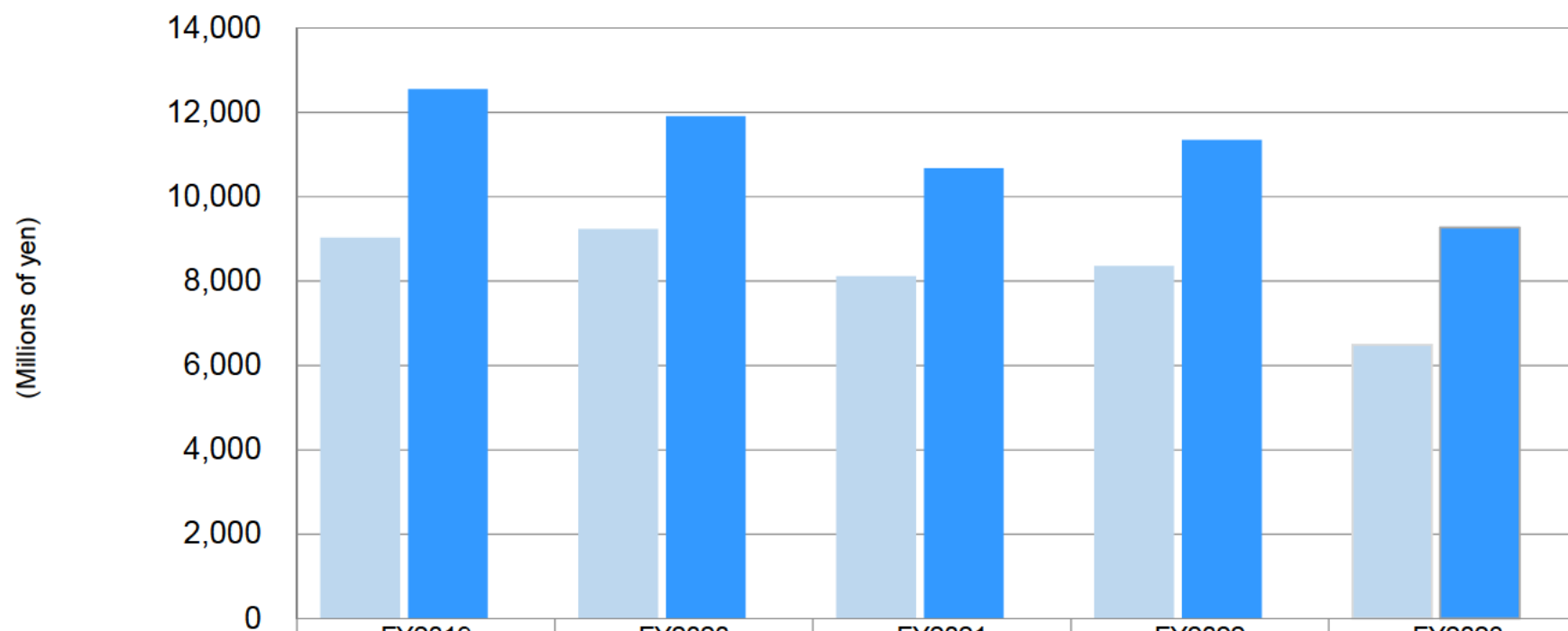
Consolidated and Non-consolidated Net Sales



Consolidated and Non-consolidated Operating Income

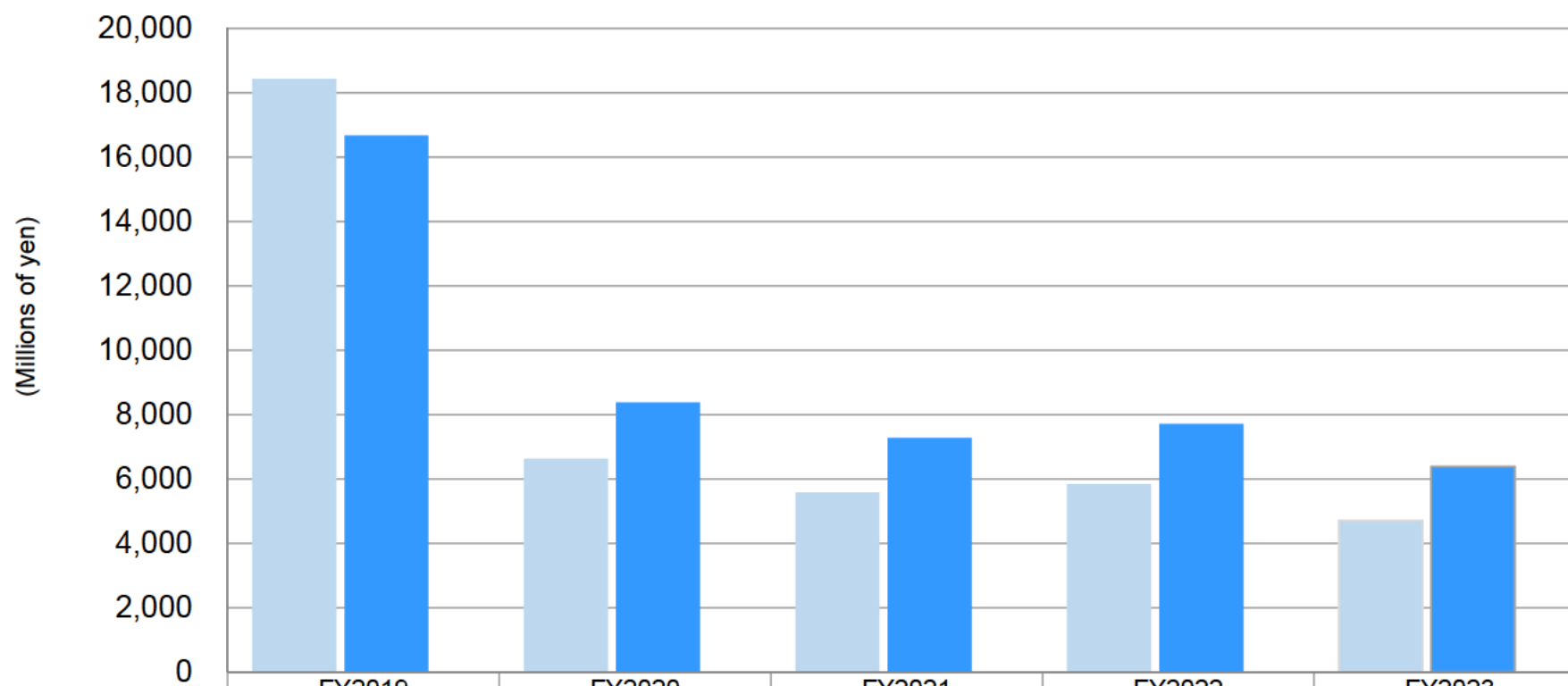


Consolidated and Non-consolidated Ordinary Income



	FY2019	FY2020	FY2021	FY2022	FY2023
■ Ariake Japan	9,027	9,233	8,116	8,357	6,492
Ordinary income margin	23.0%	22.3%	21.0%	20.9%	15.2%
■ Ariake Group	12,546	11,908	10,675	11,340	9,270
Ordinary income margin	22.2%	22.8%	21.5%	21.5%	16.6%

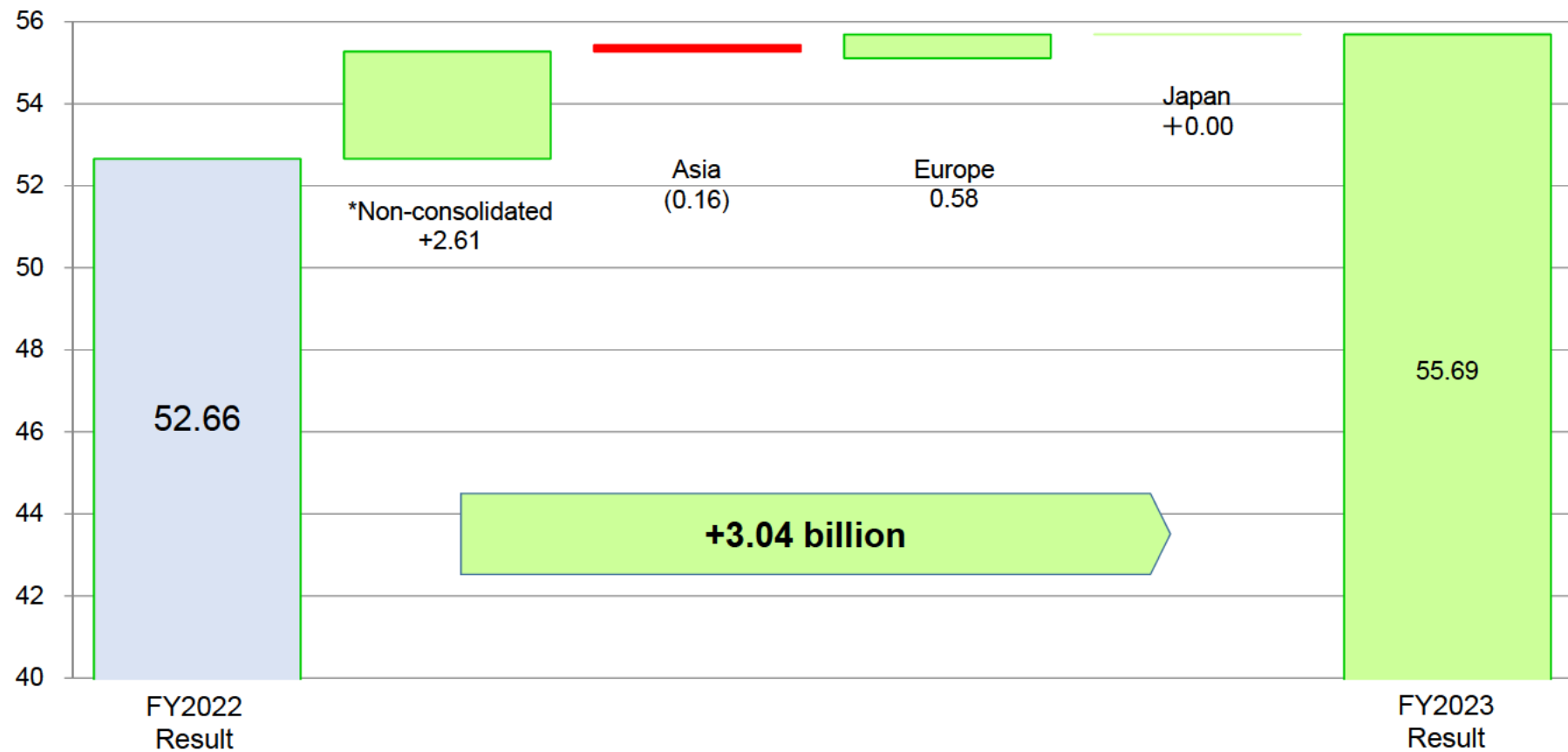
Consolidated and Non-consolidated Net Income Attributable to Shareholders of Parent Company



	FY2019	FY2020	FY2021	FY2022	FY2023
■ Ariake Japan	18,438	6,633	5,578	5,841	4,712
Net income margin	47.1%	16.0%	14.5%	14.6%	11.0%
■ Ariake Group	16,677	8,375	7,277	7,708	6,385
Net income margin	29.5%	16.0%	14.6%	14.6%	11.5%

Net Sales [Comparison with FY2022 Results] [1]

(Billions of yen)

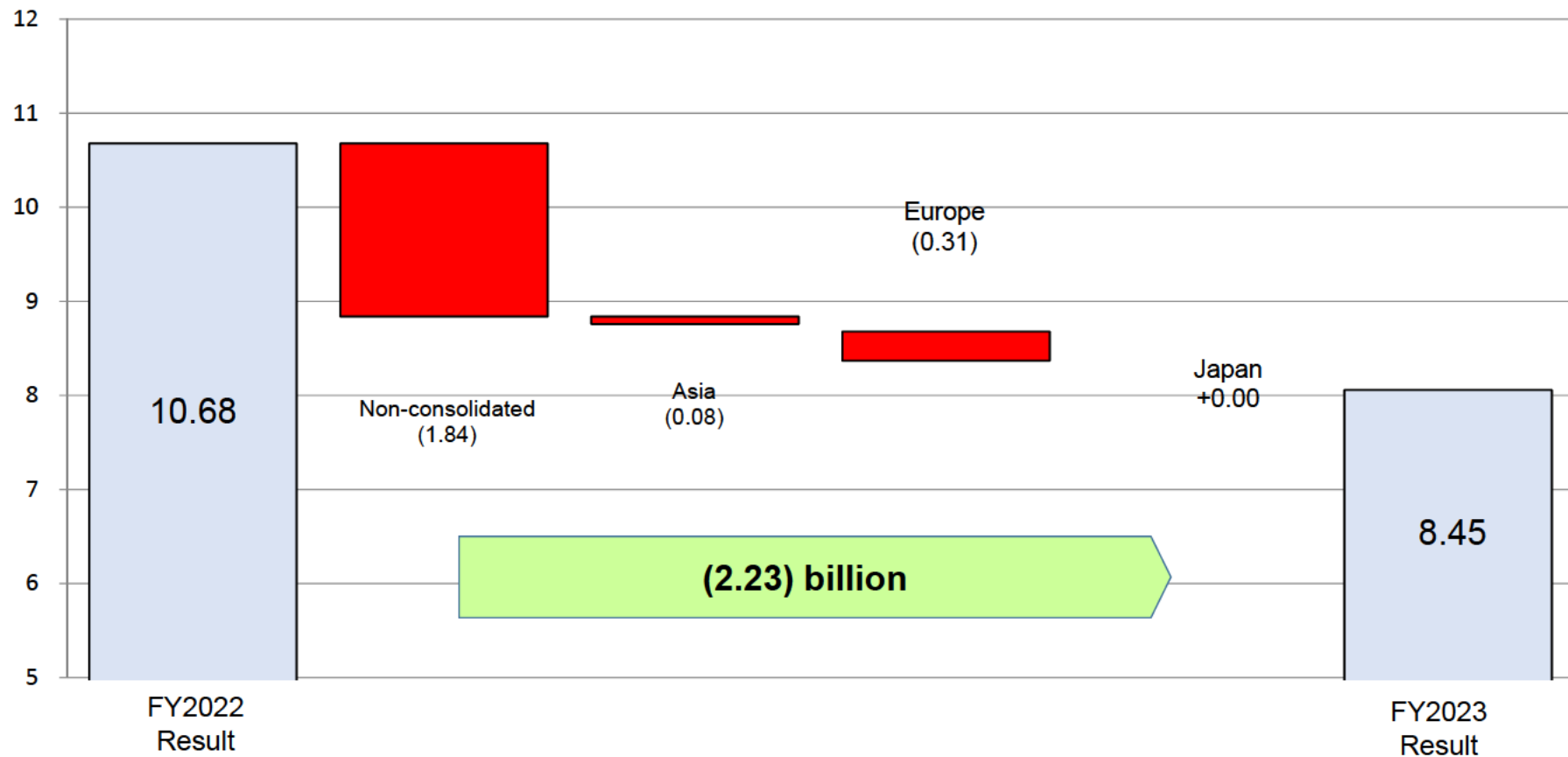


Net Sales [Comparison with FY2022 Results and Plan]

* Subsidiaries' figures are after consolidation adjustments				(Billions of yen)			
	FY2023 (A)	FY2022 (B)	Change (A-B)	%	Currency neutral	Plan	
						FY2023 (C)	Change (A-C)
Ariake Japan	42.69	40.08	2.61	6.5%	-	42.00	0.69
Subsidiaries total*	13.01	12.58	0.43	3.4%	-2.5%	14.10	(1.09)
Asia	8.17	8.33	(0.16)	-1.9%	-6.5%	9.40	(1.23)
Europe	4.56	3.98	0.58	14.5%	5.7%	4.40	0.16
Japan	0.28	0.27	0.01	3.6%	-	0.30	(0.02)
Ariake Group	55.70	52.66	3.04	5.8%	3.8%	56.10	(0.40)
	EUR	141.47	130.51	10.96		129.00	
	RMB	19.01	18.06	0.95		16.70	
	TWD	4.33	4.15	0.18		3.84	
	IDR	0.0085	0.0081	0.0004		0.0076	

Operating Income [Comparison with FY2022 Results]

(Billions of yen)



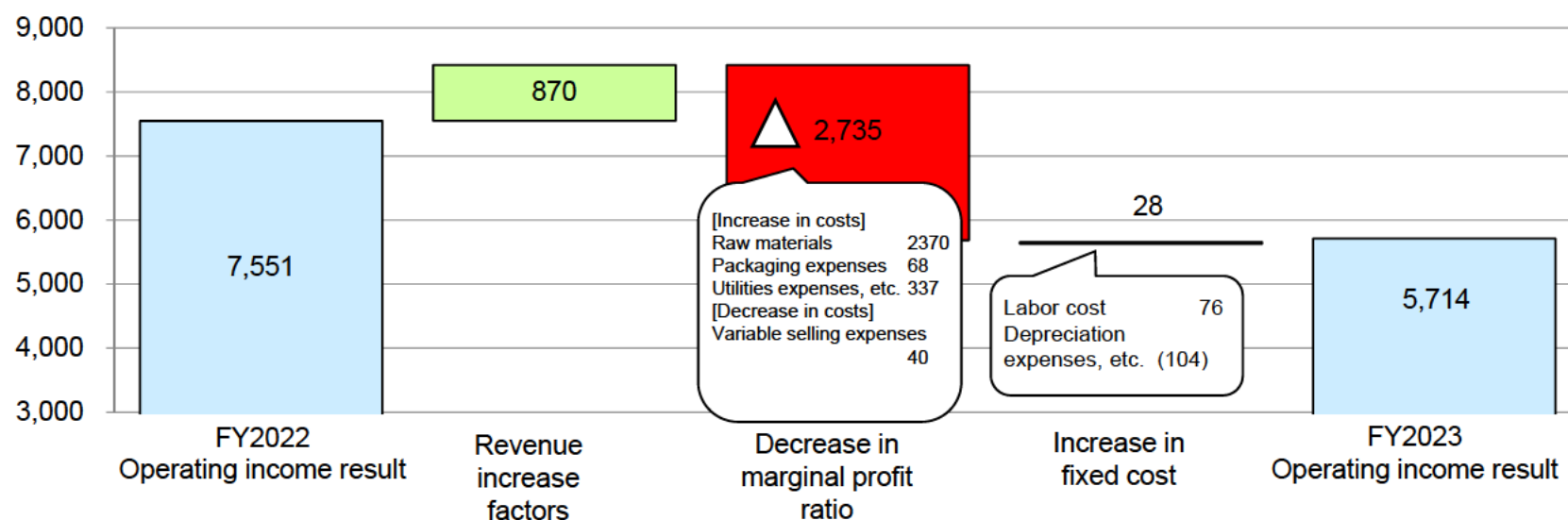
Operating Income [Comparison with FY2022 Results and Plan]

* Subsidiaries' figures are after consolidation adjustments			(Billions of yen)				
	FY2023 (A)	FY2022 (B)	Change (A-B)	%	Currency neutral	Plan	
						FY2023 (C)	Change (A-C)
Ariake Japan	5.71	7.55	(1.84)	-24.3%	-	8.40	(2.69)
Subsidiaries total*	2.74	3.13	(0.39)	-12.5%	-17.3%	3.30	(0.56)
Asia	2.01	2.09	(0.08)	-3.9%	-8.4%	2.40	(0.39)
Europe	0.72	1.03	(0.31)	-30.1%	-35.5%	0.90	(0.18)
Japan	0.01	0.01	0.00	40.0%	-	0.00	0.01
Ariake Group	8.45	10.68	(2.23)	-20.9%	-23.3%	11.70	(3.25)

[Comparison with FY2022 Results]

Non-consolidated Business Summary (Income Change Factors)

■ **Operating income: ¥5,714 million** Year-on-year decrease of ¥1,837 million (-24.3%)
(Millions of yen)

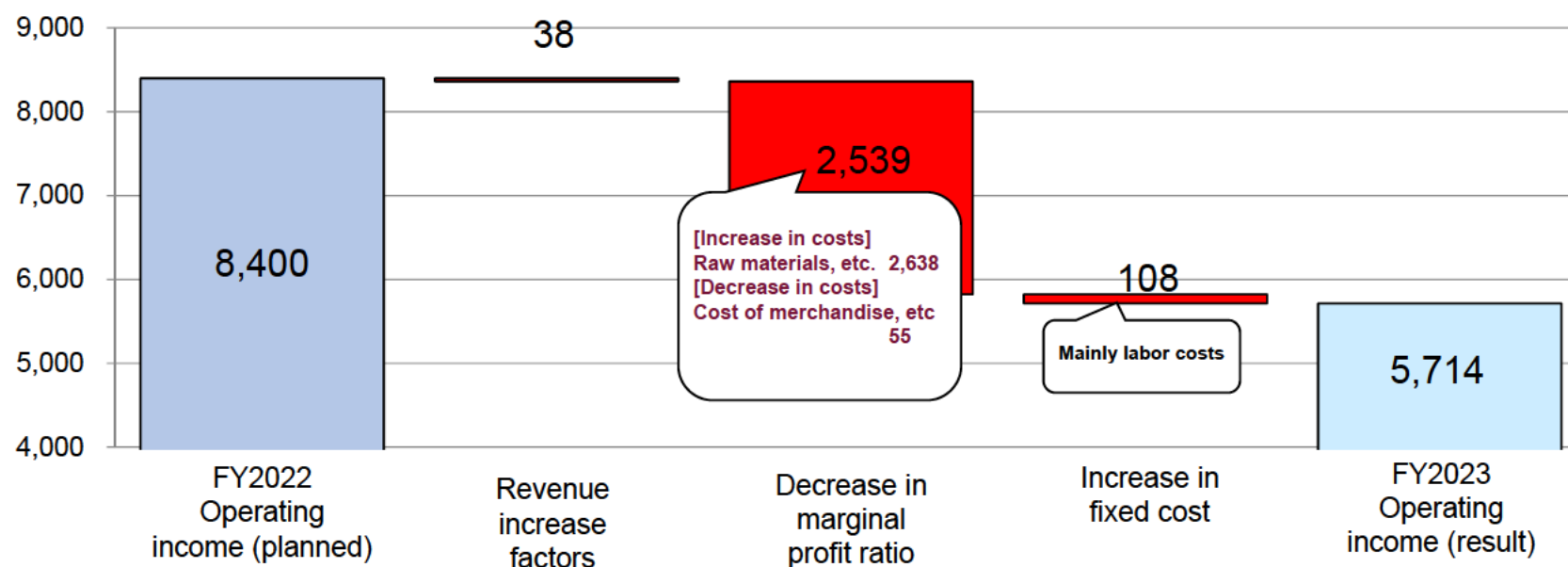


■ **Ordinary income: ¥6,492 million** Year-on-year decrease of ¥1,865 million (-22.3%)
(Millions of yen)

Increase factors	Reversal of allowance for doubtful accounts	90
	Dividend income, etc.	100
Decrease factors	Decrease in operating income	(1,837)
	Foreign exchange losses	(175)
	Interest income, etc.	(43)
	Total	(1,865)

[Comparison with FY2023 Plan] Non-consolidated Business Summary (Income Change Factors)

■ **Operating income: ¥5,714 million** Falling short of the plan by ¥2,685 million (-32.0%)
(Millions of yen)



■ **Ordinary income: ¥6,492 million** Falling short of the plan by ¥2,407 million (-27.1%)
(Millions of yen)

Increase factors	Foreign exchange gains	139
	Provision of allowance for doubtful accounts	27
	Dividend income, etc.	112
Decrease factors	Decrease in operating income	(2,685)
	Total	(2,407)

Business Summary by Geographical Area

Asia

- ❑ Net sales and profits decreased in China as sales decreased due to economic slowdown caused by lockdowns and the government's zero-COVID policy.
- ❑ Net sales and profits increased in Taiwan as the region was not affected by COVID-19.
- ❑ Exports to Japan and domestic sales were strong in Indonesia.

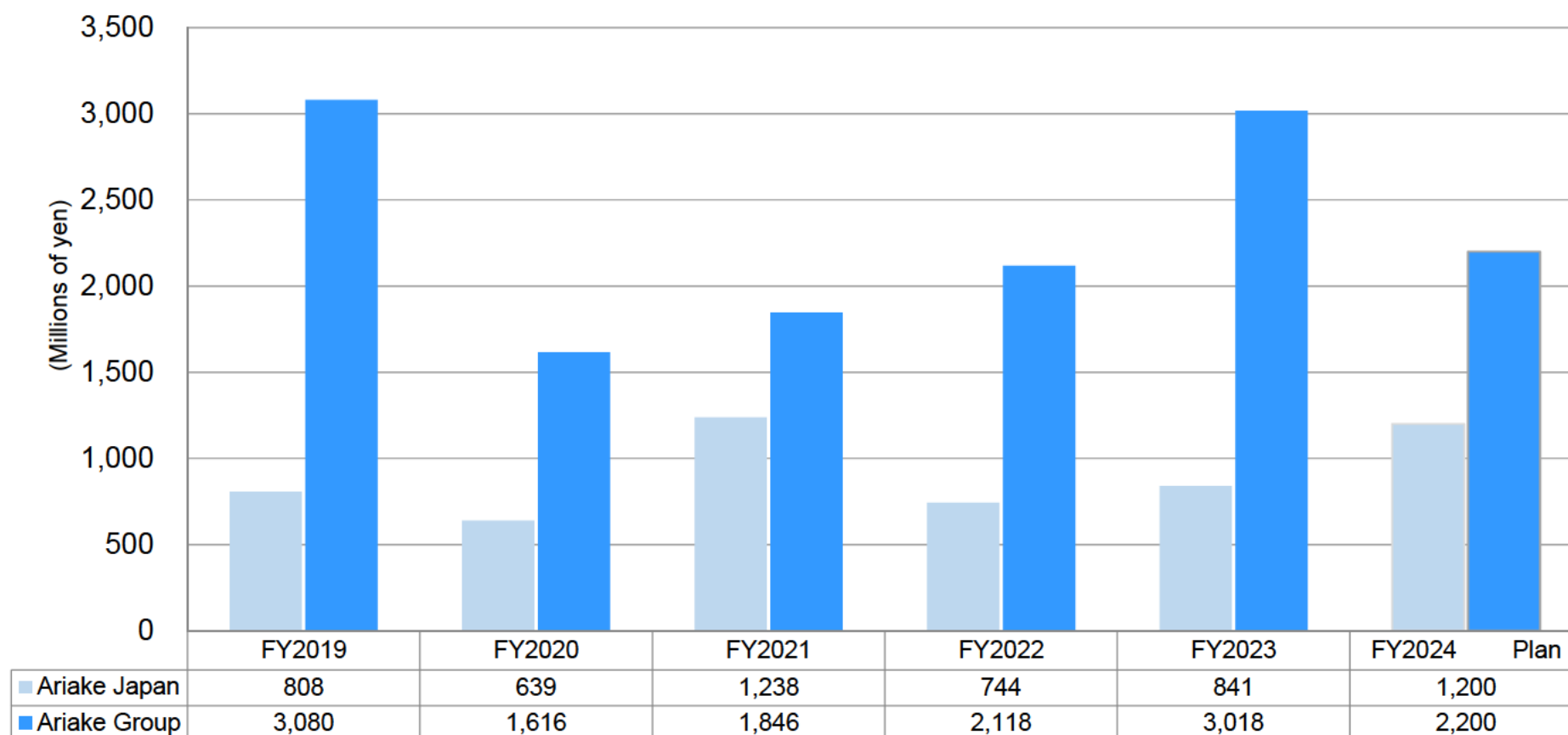
Europe

- ❑ Net sales increased due to strong sales to restaurants and industrial customers, but profits decreased due to higher energy and raw material costs.

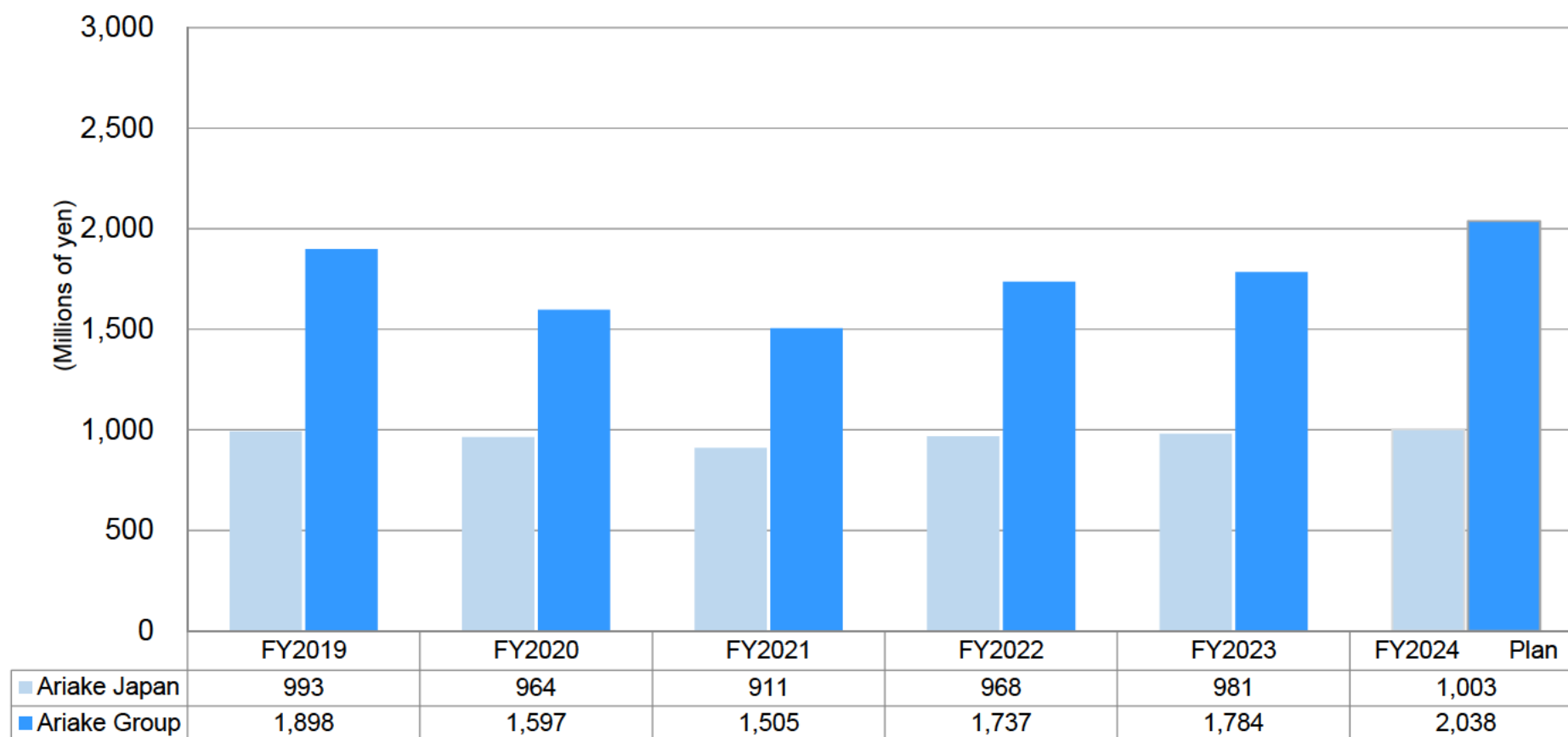
FY2024 Plan by Geographical Area

* Subsidiaries' figures are after consolidation adjustments					(Billions of yen)			
		Net Sales			Operating Income			
		FY2024 Plan (A)	FY2023 Results (B)	Change A-B	FY2024 Plan (A)	FY2023 Results (B)	Change A-B	
Ariake Japan		44.00	42.69	1.31	6.60	5.71	0.89	
Subsidiaries total*		15.40	13.01	2.39	2.70	2.74	(0.04)	
		Asia	9.53	8.17	1.36	2.28	2.01	0.27
		Europe	5.59	4.56	1.03	0.41	0.72	(0.31)
		Japan	0.28	0.28	0.00	0.01	0.01	0.00
Ariake Group		59.40	55.70	3.70	9.30	8.45	0.85	
	EUR	141.47	141.47	0.00				
	RMB	19.01	19.01	0.00				
	TWD	4.33	4.33	0.00				
	IDR	0.0085	0.0085	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 FY2026 (fiscal year ending March 2026), we are targeting consolidated net sales of ¥67.9 billion (with an overseas sales ratio of 32%) and operating income to net sales ratio of 19%. 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 FY2031.

▣ **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		
			FY2022	FY2023	FY2024	FY2025	FY2026
Net Sales		Ariake Japan	40.1	42.7	44.0	45.0	46.0
		Consolidated Subsidiaries	15.8	16.9	19.4	22.0	26.1
		Consolidation Adjustments	(3.2)	(3.9)	(4.0)	(4.1)	(4.2)
		Consolidated Net Sales	52.7	55.7	59.4	62.9	67.9
Operating Income		Ariake Japan	7.6	5.7	6.6	7.4	8.3
		Consolidated Subsidiaries	3.1	2.7	2.7	3.6	4.8
		Consolidated Operating Income	10.7	8.4	9.3	11.0	13.1

Future Business Plan 2 [Ariake Japan (1)]

▣ Medium- to long-term plan

- Having revised the previous medium-term plan upward and starting at ¥44 billion in FY2024, we aim to increase sales by ¥1 billion every fiscal year to reach ¥46 billion in FY2026 and over ¥50 billion in FY2031.
- With regard to the existing category, we aim to increase sales by refining manufacturing processes and products, as well as promoting the proposal-based sales approach and business-for-business (B4B). We target sales of ¥45 billion in FY2031.
- In the new category, we will develop and expand sales of 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.
- When achieving sales of ¥50 billion in FY2031, we aim for sales of plant-based products of ¥2.5 billion and B2C products of ¥2.5 billion.

Future Business Plan 2 [Ariake Japan (2)]

□ Plant-based products

- Plant-based food is attracting attention from the viewpoint of health and environmental consciousness. The market for it, estimated to reach ¥38 trillion globally by 2035, is promising.
- For sustainable development of the business, we need to develop business activities through products using ingredients other than animal-derived ingredients that are finite and have high environmental load (including partial replacement).
- Without using animal-derived ingredients, it will be possible to export to countries to which export has been difficult previously.
- In FY2023, we newly developed and launched soybean-based products, and base materials, seasoning, finished soup and sauce, etc., have been adopted. We will continue to promote new product development and market launches going forward.

Future Business Plan 2 [Ariake Japan (3)]

▣ B2C strategy

- Developing B2C products will enable us to create our own market that does not depend on customers' sales trends or product policies.
- We have already manufactured and sold B2C products of about ¥4 billion in FY2022 on a sales basis. Such B2C products include a variety of forms such as pouches, cans, cups, tubes, cartons and individual packages.
- We have sufficient know-how of developing and manufacturing B2C products. However, almost all products are currently ODM products with customers' brands. Going forward, we aim to establish a brand by selling our own brand products and promote planning, development and sales of B2C products by which we can leverage our strength.

Future Business Plan 2 [Ariake Japan (4)]

▣ Capital expenditure

- Production capacity will be increased to accommodate domestic sales of ¥50 billion.
(Approx. ¥660 million)
- B2C compatible ingredients filling line equipment in No. 2 Kyushu Plant, Building B
Investment: ¥330 million
Production capacity: 600,000 servings/month (for small pouches only) ¥1.3 billion/year
Scheduled to be in operation in November 2023
Double-handed ingredients filling machine, automatic pouch loader, spray-type retort sterilizer
- Mixing and freezing lines in No. 1 Kyushu Plant Investment: ¥250 million
Production capacity: ¥4.3 billion/year (based on ingredients used)
Scheduled to be in operation in September 2023
Three 6 m³ mixing tanks, quick freezer (18 t/day)
- B2C product filling line equipment in No. 2 Kyushu Plant, Building A Investment: ¥75 million
Production capacity: ¥1.4 billion/year, 1 to 3 kg filling machines, computer scale
Scheduled to be in operation in October 2023

Future Business Plan 2 [Ariake Japan (5)]

▣ Capital expenditure

- Normal temperature warehouse in No. 1 Kyushu Plant (renovation of the former extraction plant) Capital expenditure: ¥220 million
In operation since February 2023
Storage capacity: 500 t Storage for raw materials for overseas group companies
- We have established an internal organization in charge of developing automation equipment to promote automation and mechanization.
In-house design and introduction of lines and equipment, including articulated robot palletizer line, automatic empty can supply equipment, automatic can lid supply equipment and automatic product leveling equipment
- In order to further expand our production capacity, we will start designing a new plant that will exhaustively pursue automation and mechanization.
Construction of a new building in No. 2 Kyushu Plant
Production capacity: ¥10 billion/year
Targeted start of operation: 2025 to 2026

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

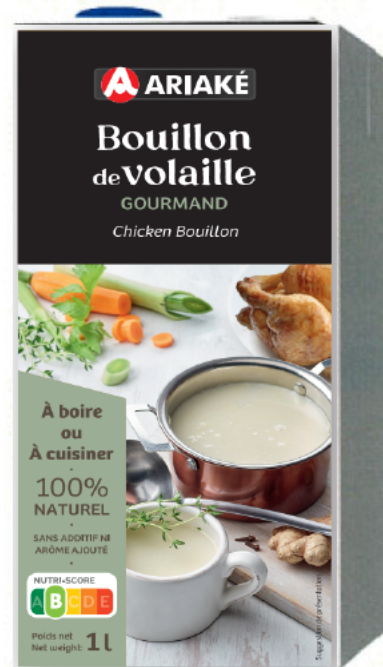
- B2C strategy based on UHT straight bouillon
- We **have** built an ultra-high-temperature (UHT) treatment facility and expanded the extraction facility at our plant in Belgium, in which we invested ¥2.5 billion. (Completed in January 2023)
- Utilizing the facilities, we will manufacture high-quality 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 large supermarket chains to sell our products under the ARIAKE brand. Chicken bouillon is widely used in France as a cooking base, and we forecast it to be a certain sales booster. Along with sales for home use, we are considering the expansion of this market into the food service industry.
- With the strategy centered around UHT bouillon, we aim for sales of approximately ¥10 billion in FY2031.

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.



clear



cloudy



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

▣ Extraction facilities for UHT

Extraction tank



Extraction liquid receiving tank



Concentration equipment



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

UHT

UHT (All)



Filling machine

Sterilizing equipment



Automatic carton former



Palatalizer



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, was completed in January 2023. We are conducting sales promotion activities using products that have been produced by the actual equipment. Their production capacity will be approximately 100 tons/month, and we expect net sales of ¥1 billion a year.
 - 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.
 - We will also produce blended powder products based on the spray-drying products. Together, we are aiming for sales of ¥4 billion in FY2031, which is nearly 2.5 times the current figure.

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

□ Spray-drier equipment Undiluted solution mixing equipment



Body chamber (top and bottom)



ARIAKE JAPAN CO.,LTD.

Spray-drier building



Filtration and filling



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

□ Construction of a new plant

- We plan to construct a new plant on our 53,000-m² plot of land in an industrial complex in Rizhao City, China, and design is currently underway. The total investment is expected to be ¥5 to 6 billion, with a final production capacity of approximately ¥25 billion.
- 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 dramatically improve productivity.
- We are expanding the production capacity of our plant in Qingdao (to accommodate sales of 1.5 times the current level: FY2024).

□ Sales strategy

- 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 (Japanese-style prepared food) based on natural seasoning.
- 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.

□ Growth strategy

- 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 FY2031.

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 boosting sales in the country's domestic market as well as in other ASEAN countries. We especially aiming to expand our trade areas in other ASEAN countries.
- Domestically, chicken meat powder (for halal), a new addition to our product range, was adopted, and as a result, domestic sales increased by more than double compared to the previous year.
- Sales to food processors and restaurants in the ASEAN region such as Singapore and the Philippines in addition to Indonesia have increased, and growing to account for 30% of our total sales excluding exports to Japan.
- We received BRC Certification which is recognized by the Global Food Safety Initiative (GFSI) in June 2022.

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

□ Advancing into the U.S. market again

- We have finally selected a candidate site of 17,000 tsubo (approx. 56,200 m²) in Chesapeake, VA, on the East Coast of the U.S. We are negotiating with Virginia state officials in preparation for advancing into the U.S. again.
- We are considering selling mainly B2C products in the U.S.

□ Plant-based products

- 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.
- In Japan, we are currently developing new plant-based products targeting the U.S. market.

□ Cooked and processed products

- 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 progressing well in Japan.

Future Business Plan 3 [Overseas Group: Current Status in Asia]

□ China

- Sales were weak at the beginning of 2023 due to the zero-COVID policy, but recovered gradually in February, March and April. As a result, sales in March and April were significantly higher than in the same period last year.
- We expect the same trend to continue in May and beyond, with full-year results exceeding those of the previous year and ultimately exceeding even those of FY2023.

□ Taiwan

- Net sales increased in FY2023 as the region was unaffected by COVID-19. Sales continue to be strong also in this fiscal year, exceeding the results of the same period last year.

□ Indonesia

- Indonesia, like Taiwan, was unaffected by COVID-19 in FY2023 and continues to perform well in the current fiscal year. Domestic sales are growing.

Future Business Plan 3 [Overseas Group: Current Status in Europe]

▣ Belgium

- Sales have remained steady. High energy costs are easing slightly but continue to be challenging.
Sales are expected to increase in the second half of this year due to the contribution of UHT products.

▣ France

- Sales have been progressing steadily in line with the plan.
As in Belgium, the high energy costs are easing slightly but are expected to continue for several years, peaking in 2023.

▣ The Netherlands (Henningesen)

- With a recovery in industry demand, sales are growing steadily and have exceeded the plan.

Commitment to Sustainability

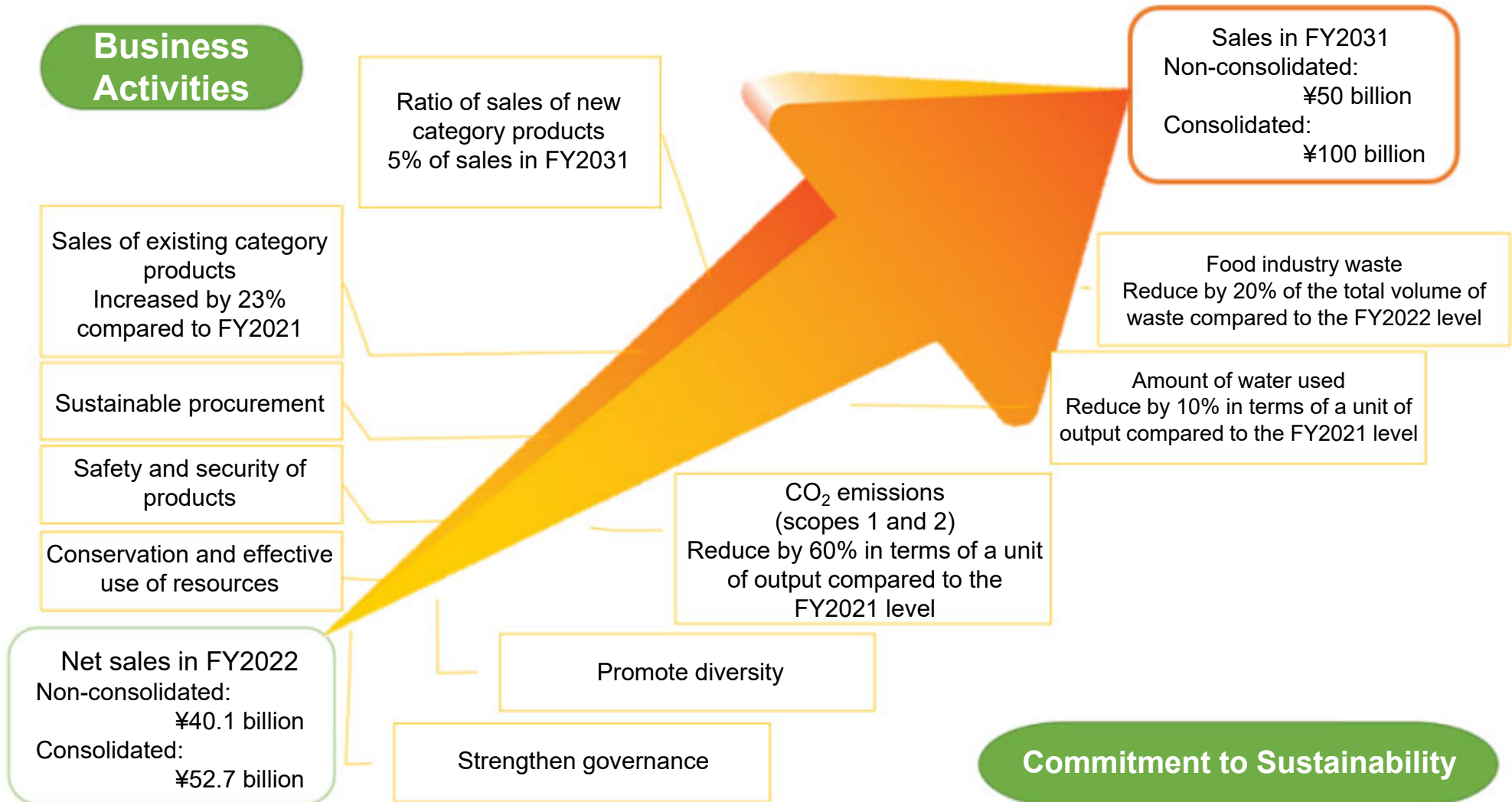
□ Promoting sustainability management

- Having developed a sustainability management strategy (basic policy, vision, management policy), established a sustainability committee, developed a process for identifying materialities, identified materialities, set main KPIs for initiatives, and so on, we have disclosed them on the Company's website together with specific case examples.

□ 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 FY2021 level. (Results for FY2023 are currently being measured and will be disclosed at the end of June 2023.)
- Going forward, we will continue to commit to the SDGs and sustainability management by considering further energy saving measures, recovery and reuse of thermal energy, use and reduction of waste, and reduction in water use.

Harmony of Business Activities and Sustainability



Promotion of Decarbonization by Introducing a Solar Photovoltaic System

We are actively engaged in decarbonization and, as part of decarbonization efforts, we started to use electricity generated from our own on-site renewable energy source using a solar 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. 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. We made a presentation about the case at the webinar regarding PPA hosted by the Ministry of the Environment.

(<https://www.env.go.jp/content/000077203.pdf>)



No. 2 Kyushu Plant



No. 1 Kyushu Plant

Example of Commitment to Sustainability

Change of LNG vaporizers to the air-heating system and effective use of cold air as indoor refrigerated air conditioning



Recover and reuse vegetable residues produced when manufacturing flavor oil and sell products as powdered seasonings



Recover and reuse thermal energy generated from steam drain, boiler exhaust gas, etc.



Ariake Group's Global Seven-Pillar System



Henningesen
Nederland B.V.

Ariake Europe NV

F. P. Natural
Ingredients SAS

QINGDAO ARIAKE
FOODSTUFF CO., LTD.

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



PT. Ariake Europe Indonesia



ARIAKE JAPAN CO.,LTD.

Ariake Japan Company Introduction

■ Company introduction video

Our company introduction video is now available for viewing on YouTube.
(Limited time only through June 30, 2023)

<https://youtu.be/SqEgC8vOEIQ>

- 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.