



アリアケジャパン株式会社

FY2025 Interim Financial Results

April 1, 2024–June 30, 2024

August 9, 2024

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

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Key Points of Interim Financial Results April 1, 2024–June 30, 2024 (Summary)

Category	Results	FY2024	Year on year change	Year on year (%)
Consolidated net sales	15.29	13.50	+1.79	+13.2%
Consolidated operating income	2.22	1.96	+0.26	+13.3%
Consolidated ordinary income	2.91	2.84	+0.07	+2.4%
Consolidated net income	1.82	1.87	-0.05	-3.0%
Non-Consolidated net sales	10.83	10.10	+0.73	+7.2%
Non-Consolidated operating income	1.51	1.20	+0.31	+26.0%
Non-Consolidated ordinary income	2.48	2.38	+0.10	+4.1%
Non-Consolidated net income	1.74	1.66	+0.07	+4.3%

Unit: Billion yen, rounded to the nearest 10 million yen, Year on year changes is shown in %.

Key Points of Interim Financial Results April 1, 2024–June 30, 2024 (Consolidated)

▣ Net sales/Operating income

Increases in net sales and profits

Net sales: ¥15.29 billion (+¥1.79 billion, or +13.2% year on year)

Overseas subsidiaries: ¥4.46 billion (+¥1.06 billion, or +31.0% year on year) All subsidiaries grew steadily.

Operating income: ¥2.22 billion (+¥0.26 billion, or +13.3% year on year), Operating income to net sales ratio: 14.5% (same year on year)

Overseas subsidiaries in Asia and the Netherlands grew steadily, and operating income to net sales ratio exceeded 20%.

A subsidiary in France recorded decreased profits due to an adjustment of exports to Japan, and a subsidiary in Belgium recorded operating loss due to increased depreciation.

Operating income of overseas subsidiaries: ¥0.71 billion (-¥0.05 billion, or -6.8% year on year), Operating income to net sales ratio: 15.8%

▣ Ordinary income/Net income

Ordinary income increased 2.4%, net income decreased slightly due to decreases in foreign exchange gains and valuation gains on derivatives.

▣ Forecast for Fiscal Year Ending March 31, 2025 (FY2025)

Net sales ¥62.8 billion (+4.7%), Operating income ¥9.9 billion (+14%), Operating income to net sales ratio 15.8%

Key Points of Interim Financial Results April 1, 2024–June 30, 2024 (Non-consolidated)

▣ Net sales/Operating income

Increases in net sales and profits

Net sales: ¥10.83 billion (+¥0.73 billion, or +7.2% year on year) Strong sales to restaurants contributed to sales growth.

Operating income: ¥1.51 billion (+¥0.31 billion, or +26.0% year on year)

Operating income to net sales ratio: 13.9% (2.0 points improved year on year)

Operating income to net sales ratio improved due to price revisions and cost reductions.

▣ Ordinary income/Net income

Ordinary income: ¥2.48 billion (+¥0.10 billion, or +4.1% year on year)

Net income: ¥1.74 billion (+¥0.07 billion, or +4.3% year on year) Decreases in foreign exchange gains and gain on valuation of derivatives

▣ Forecast for Fiscal Year Ending March 31, 2025 (FY2025)

Net sales ¥46.0 billion (+2.9%), Operating income ¥6.9 billion (+17%), Operating income to net sales ratio 15.0%

Net Sales (Comparison with FY2024 Results) (By Group)

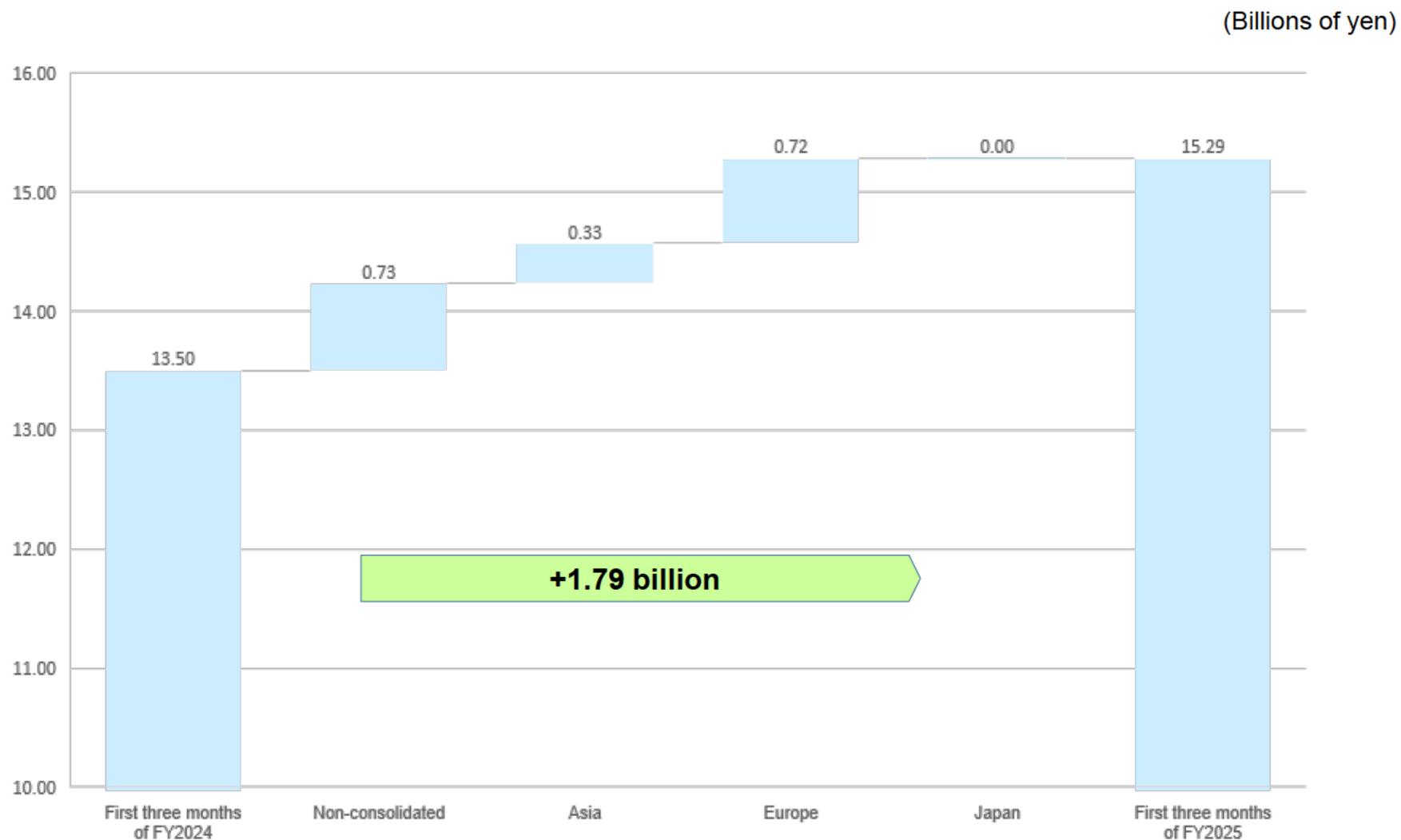
* Subsidiaries' figures are after consolidation adjustments

(Billions of yen)

	FY2025 1Q (A)	FY2024 1Q (B)	Change (A-B)	Change	
				%	Currency neutral
Ariake Japan	10.83	10.10	0.73	7.2%	-
Subsidiaries total*	4.46	3.41	1.06	31.0%	19.8%
Asia	2.42	2.09	0.33	16.0%	7.8%
Europe	1.96	1.24	0.72	58.0%	41.0%
Japan	0.08	0.08	0.00	2.1%	-
Ariake Group	15.29	13.50	1.79	13.2%	10.4%

EUR	163.24	145.72	17.52
RMB	20.83	19.42	1.41
TWD	4.74	4.38	0.36
IDR	0.0096	0.0089	0.0007

Net Sales (Comparison with FY2024 Results) (By Group)



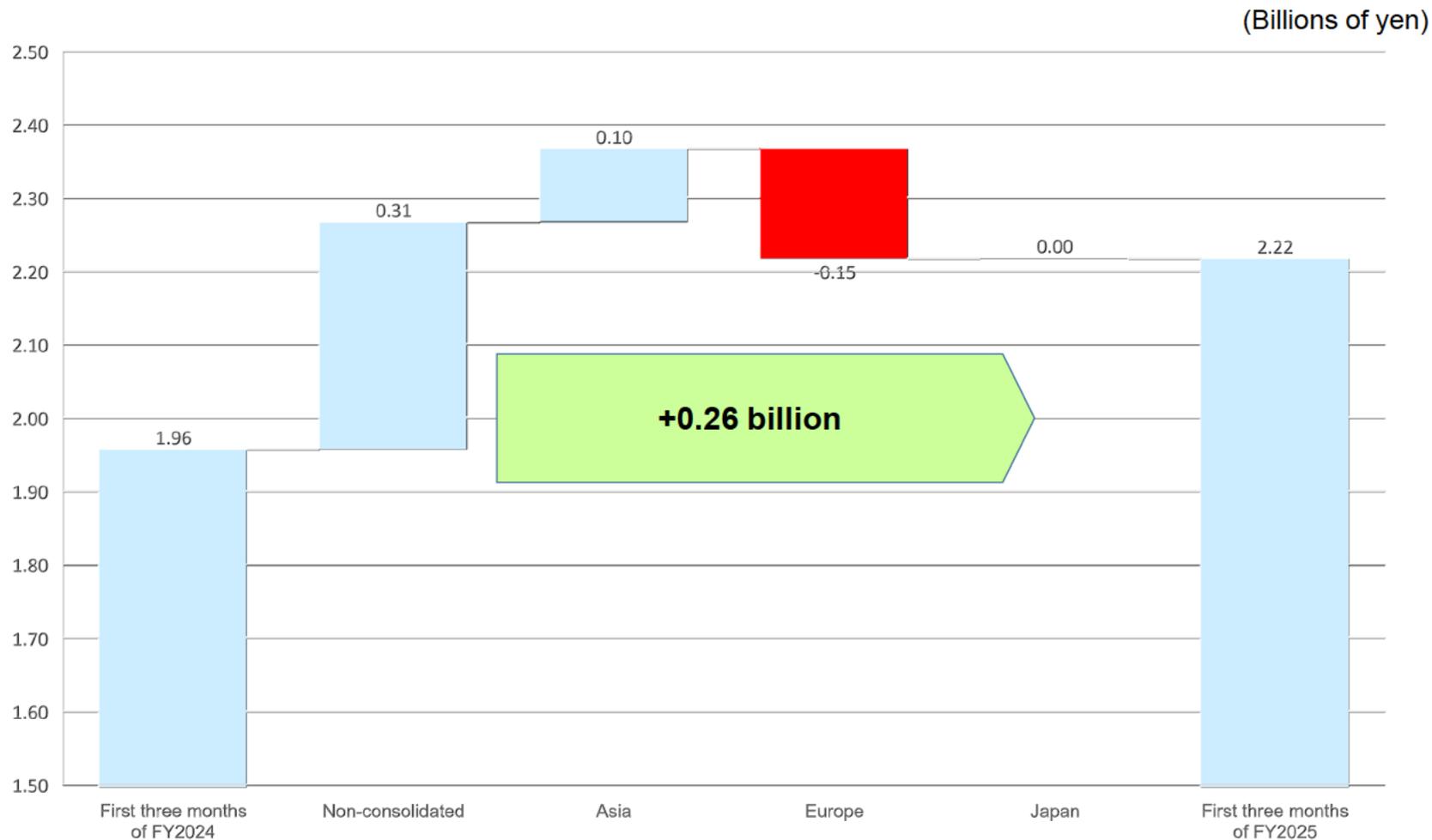
Operating Income (Comparison with FY2024 Results) (By Group)

* Subsidiaries' figures are after consolidation adjustments

(Billions of yen)

	FY2025 1Q (A)	FY2024 1Q (B)	Change (A-B)	Change	
				%	Currency neutral
Ariake Japan	1.51	1.20	0.31	26.0%	-
Subsidiaries total*	0.71	0.76	(0.05)	-6.8%	-13.9%
Asia	0.59	0.49	0.10	19.6%	11.1%
Europe	0.12	0.26	(0.15)	-56.3%	-60.9%
Japan	0.00	0.00	0.00	4.3%	-
Ariake Group	2.22	1.96	0.26	13.3%	10.6%

Operating Income (Comparison with FY2024 Results) (By Group)



Overseas Group Companies (Asia)

□ China

- Recovering from the significant decrease due to COVID-19 in FY2024, sales increased 16.5% (8.7%, currency neutral) year on year, and operating income increased 26.8% (18.3%, currency neutral). One concern for the future is a trend toward a decrease in sales in general due to consumers refraining from spending in the latter half of 1Q and through 2Q.
- China will develop new customers and new projects. In particular, they will develop cooked products (prepared food) are being developed for distribution to focus on sales of final B2C products.

□ Taiwan

- Sales increased 9.4% (1.1%, currency neutral) and operating income increased 8.1% (0%, currency neutral) year on year. Sales at hot pot restaurants and small restaurants temporarily stagnated due to imported food safety issues (chili peppers), and competition for market share in the ramen market intensified. These contributed to the lower-than-planned growth.
- Toward 2Q, sales will steadily increase due to the growth of successful companies among restaurant operators and the growth of B2C products handled by restaurant operators.

□ Indonesia

- Sales increased 83.4% (70%, currency neutral) and operating income increased 46% (35.3%, currency neutral) year on year.
- While Indonesia adjusted exports to Ariake Japan, they focused on sales within Indonesia and export to ASEAN countries. The ratio of sales outside the Group increased significantly to 47% from 26% in 1Q of FY2024.

Overseas Group Companies (Europe)

▣ Belgium

- Sales increased 220.3% (185.9%, currency neutral) year on year due to increased sales of existing products in the EU. On the other hand, an operating loss of ¥184 million (-¥182 million, year on year, -¥162 million, currency neutral) was recorded due to an increase in depreciation of UHT facilities.
- Although Belgium started selling UHT products at the end of 2023, there is still a lack of awareness. They will strengthen sales and management systems and add more products to the product lineup.

▣ France

- Due to sales promotions in the EU, sales increased 60.4% (43.1%, currency neutral) year on year, while operating income decreased 36.9% (-43.7%, currency neutral) year on year.
- Utility cost increases have eased, but the fixed cost ratio has risen due to adjustments in the volume of exports to Japan, which contributed to a decrease in profits. This situation will gradually ease as France plan to increase production in the second half of FY2025.
- In terms of sales of spray powder products, we expect group synergy effects by establishing a sales alliance with the Netherlands (Henningsen), which has sales channels.

▣ The Netherlands (Henningsen)

- Sales and operating income are solid based on many years of results. Sales increased 17.5% (4.9%, currency neutral) year on year, and operating income increased 36.2% (21.6%, currency neutral) year on year.

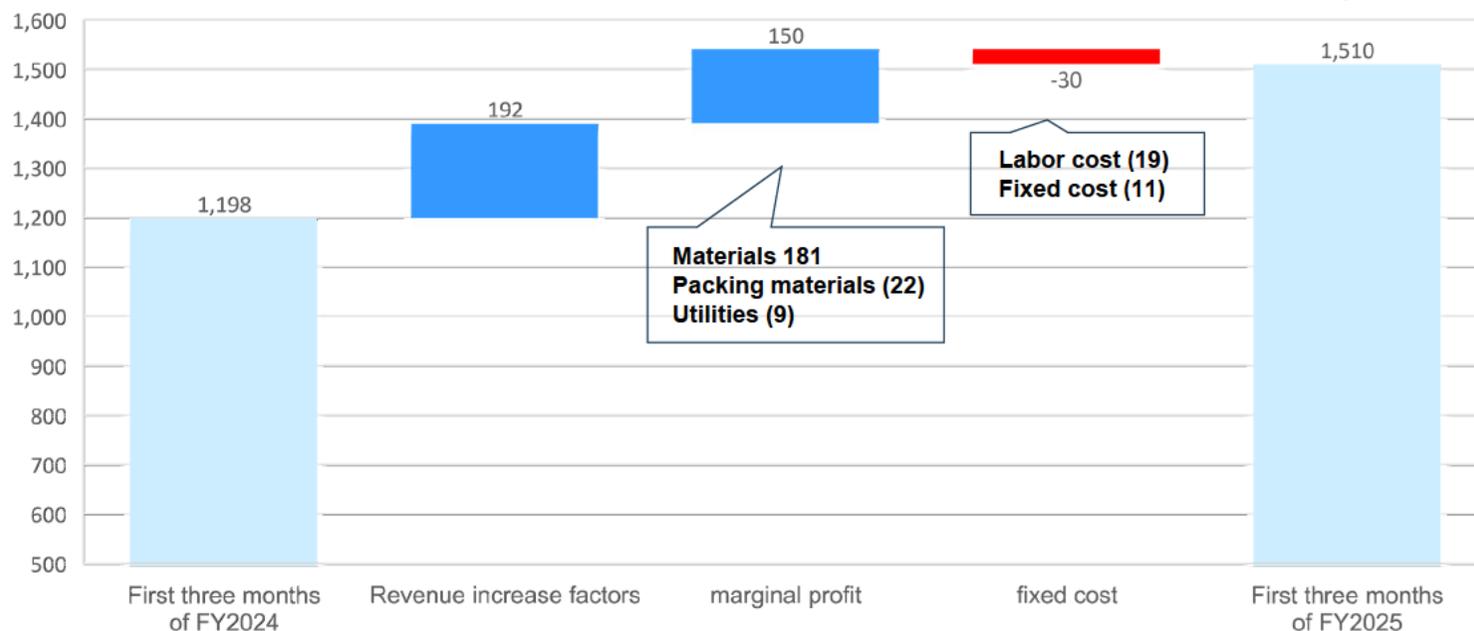
Sales Ratio by Category and Changes in Sales by Category
(Non-consolidated)

Category	Sales ratio	YoY change
Food manufacturers	20%	+7%
Restaurants	48%	+14%
CVS	31%	-3%
Export	1%	0%
Total	100%	+7.2%

Income Change Factors (year-on-year comparison) (Non-consolidated)

■ **Operating income: ¥1,510 million** Year-on-year increase of ¥312 million (+26.0%)

(Millions of yen)



■ **Ordinary income: ¥2,479 million** Year-on-year increase of ¥97 million (+4.1%)

(Millions of yen)

Increase factors	Increase in operating income	312
	Dividend income, etc.	88
Decrease factors	Foreign exchange gains	(108)
	Gain on valuation of derivatives	(195)
	Total	97

Net Sales and Income (Non-consolidated)

▣ Net sales

- Net sales increased by 14% due to active demand from restaurants resulting from the recovery of the flows of people, inbound effects, and demand caused by labor shortages.
- Sales to processed food manufacturers increased 7%, partially due to steady demand and the effect of price hikes.
- Sales to CVS were down 3% year on year, partially due to the stagnant sales of CVS themselves.
- We will continue to expand sales by continuing our proposal-based sales activities. We will follow up with restaurant operators to enter overseas markets, and expand sales to supermarket operators and others.

▣ Improving income

- Although there are still factors that may worsen profitability, including the rising prices of raw materials, packaging materials, and freight, as well as the ongoing depreciation of the yen, we are promoting cost reductions through VA and improvement of processes at plants and improvement of profitability in sales (price revisions and renewals) to achieve the operating income to net sales ratio of 15% planned for FY2025.
- As for improvement in operating income, the estimated amount to be achieved is ¥1.7 billion (76%) compared to ¥2.2 billion of the plan (the amount of effect during FY2025).

The effect of the price revisions (year-on-year unit price increase) accounted for approximately 40% of the sales increase during 1Q.

- The amount achieved as of June is ¥0.8 billion (31%) against ¥2.6 billion of the planned plant's cost reduction.
- The operating income to net sales ratio for a single month in 1Q (April to June) was higher than that in 1Q of FY2024 in all months.

Growth Strategies for the Chinese Market

□ Construction of a new plant

- In a change of policy, the Qingdao government withdrew its request that we vacate Qingdao Ariake and indicated that it would offer us land surrounding the existing plant. Therefore, we plan to purchase approximately 24,000 m² of land and will increase our capital by \$20 million for this purpose.
- We are designing a new plant to be built adjacent to the existing No. 2 plant. The new plant is expected to start operation in the second half of FY2027. The investment is estimated to be approximately ¥5 billion.
- With rising labor costs and declining birth rates in China in mind, we will make the new plant an even more advanced automated plant leveraging our accumulated experience and cutting-edge technology to dramatically improve productivity.

□ Sales strategy

- We aim to increase sales mainly of B2B products to our current major customers, mainly restaurants, food manufacturers, and CVS.
- The new plant will be equipped with lines capable of manufacturing finished products for consumers, and will produce and sell processed cooking products using natural seasonings (Japanese and Chinese-style prepared food). We plan to sell these products to major Japanese distributors, local e-commerce companies, restaurants, etc.
- Unlike Japan, where the population is decreasing, we expect the Chinese market to continue to expand, and we aim to achieve net sales of ¥10 billion in FY2027 and ¥20 billion in 2030.

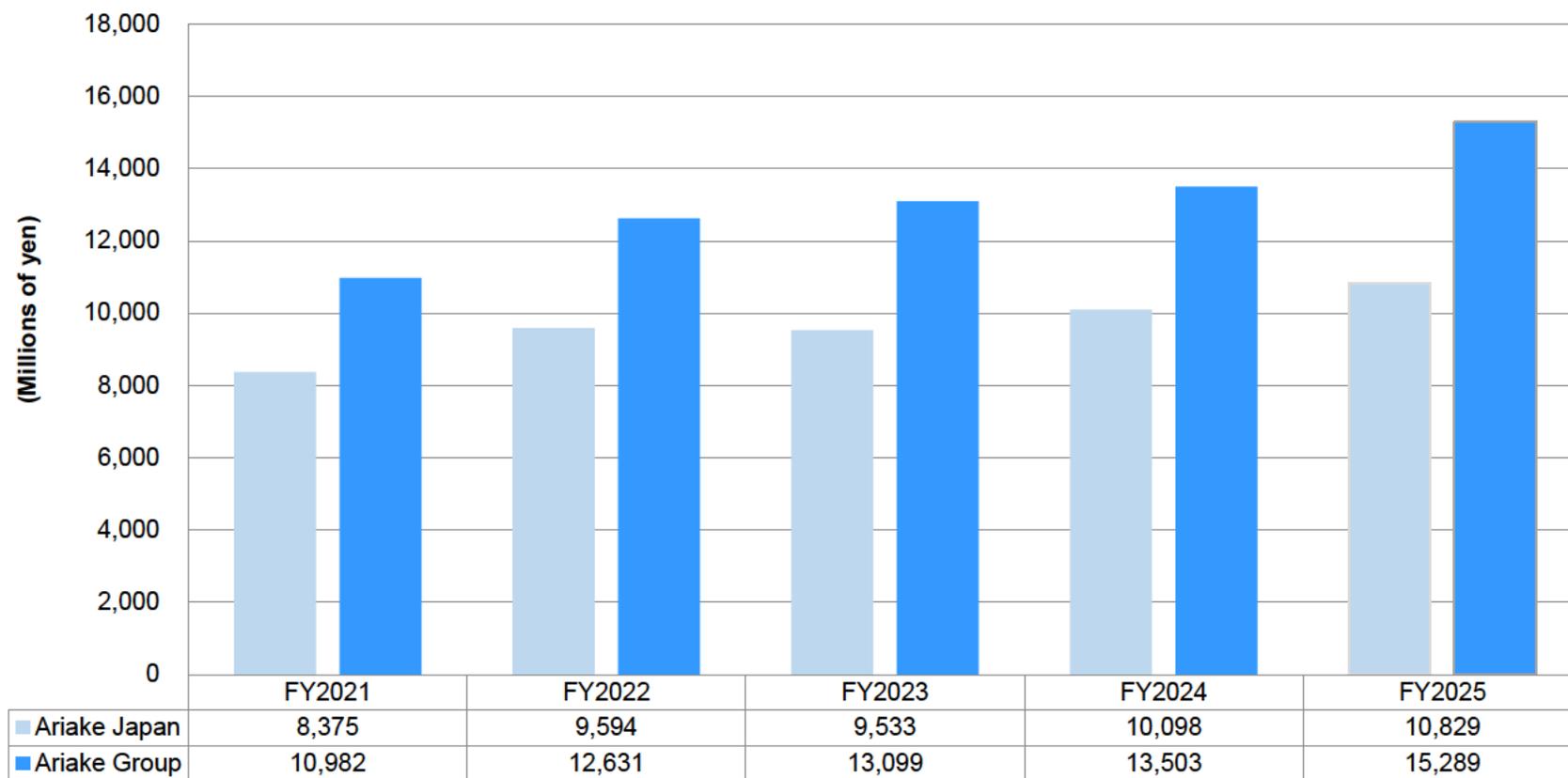
Advancing into the U.S. Market Again

- ▣ Advancing into the U.S. market again
 - We selected a 53,000m² prospective site in Chesapeake, Virginia, on the East Coast. As the first phase of construction, we are planning to build a plant with an R&D space of approximately 8,000 m².
 - We established Ariake U.S.A., Inc. on July 1, 2024. The capital is \$10 million. We plan to purchase the land, work out on the design, and start construction in FY2026, and start operation in FY2028.
 - We expect to start sales in FY2028, and anticipate sales of ¥4.0 billion in FY2031.

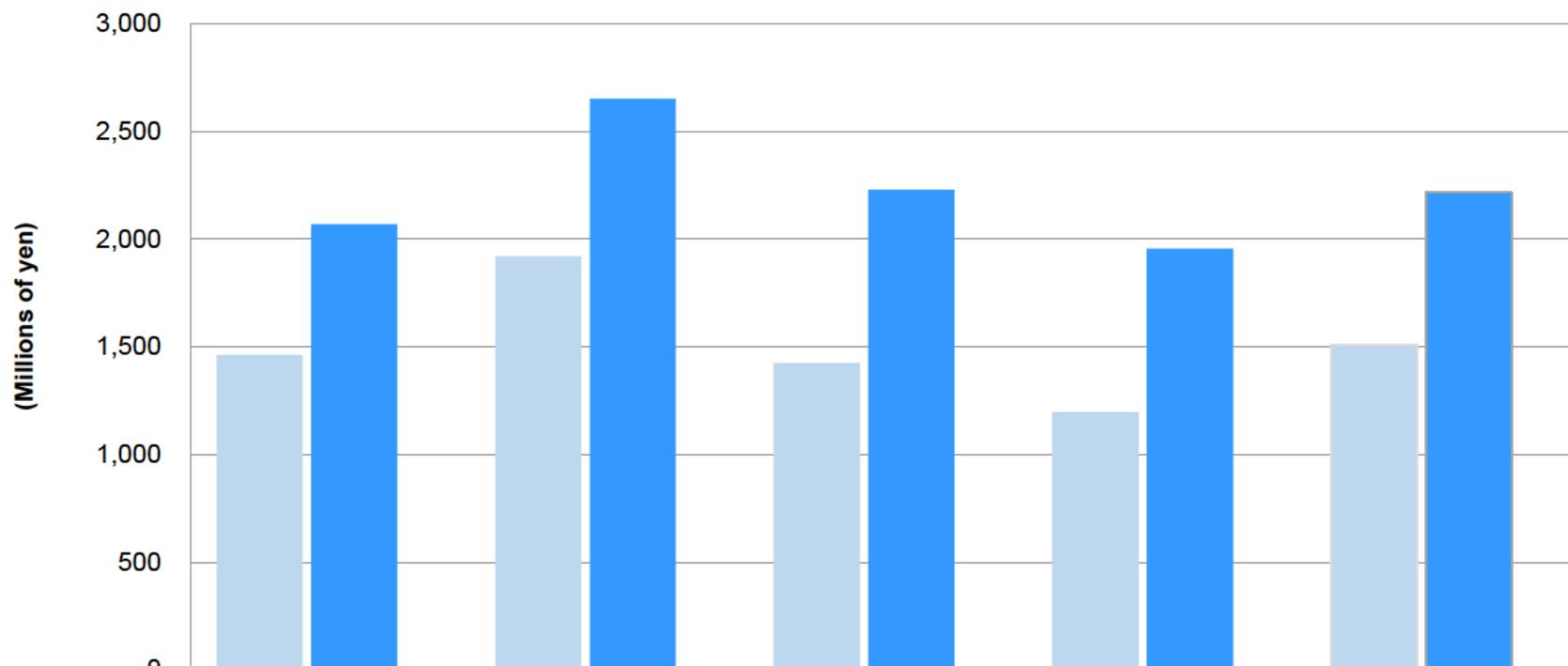
- ▣ Products to be manufactured and marketed
 - Newly developed plant-based product lineup
 - Retort products and ramen soups produced using existing technology

- ▣ Selling to
 - B2C: Supermarkets, CVS
 - B2B: Food service sectors, CVS vendors, food manufacturers

Consolidated and Non-consolidated Net Sales for the First Three-month Periods

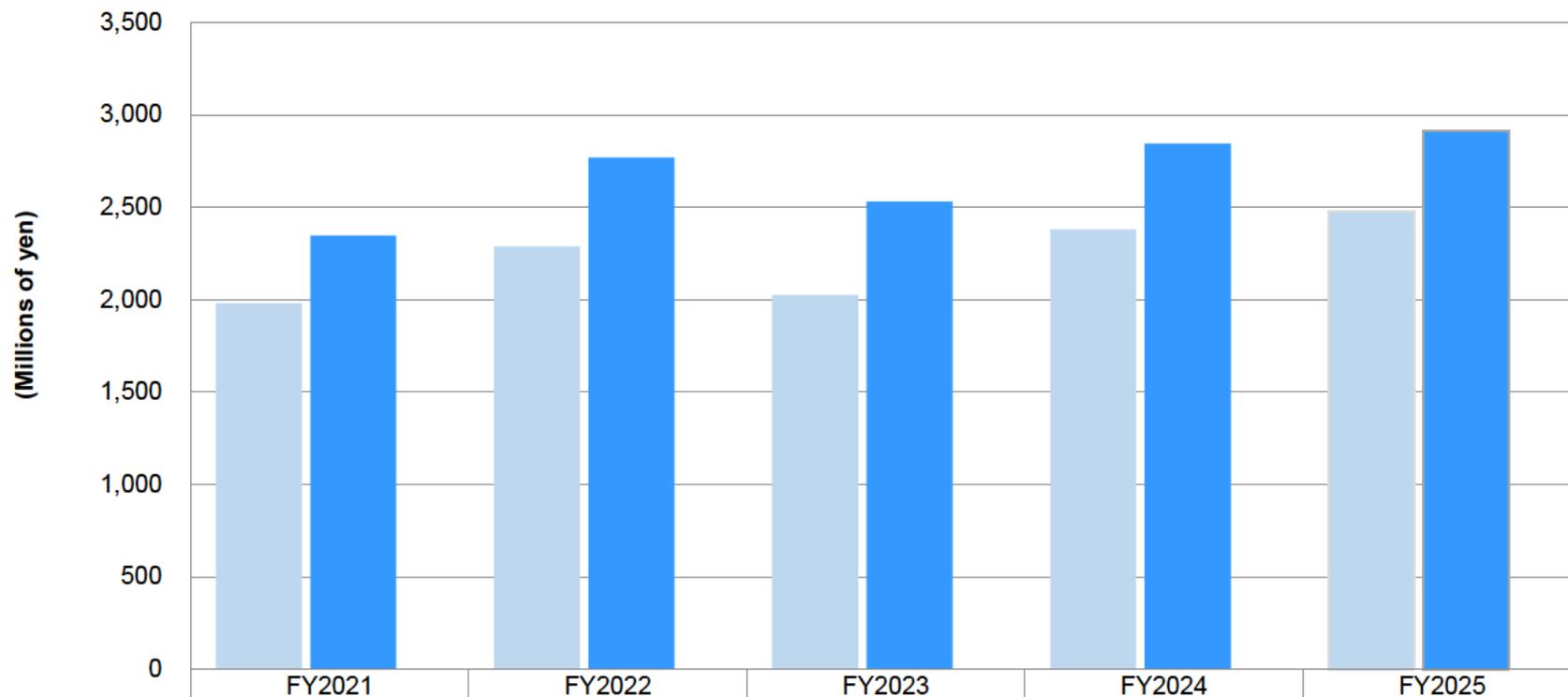


Consolidated and Non-consolidated Operating Income for the First Three-month Periods



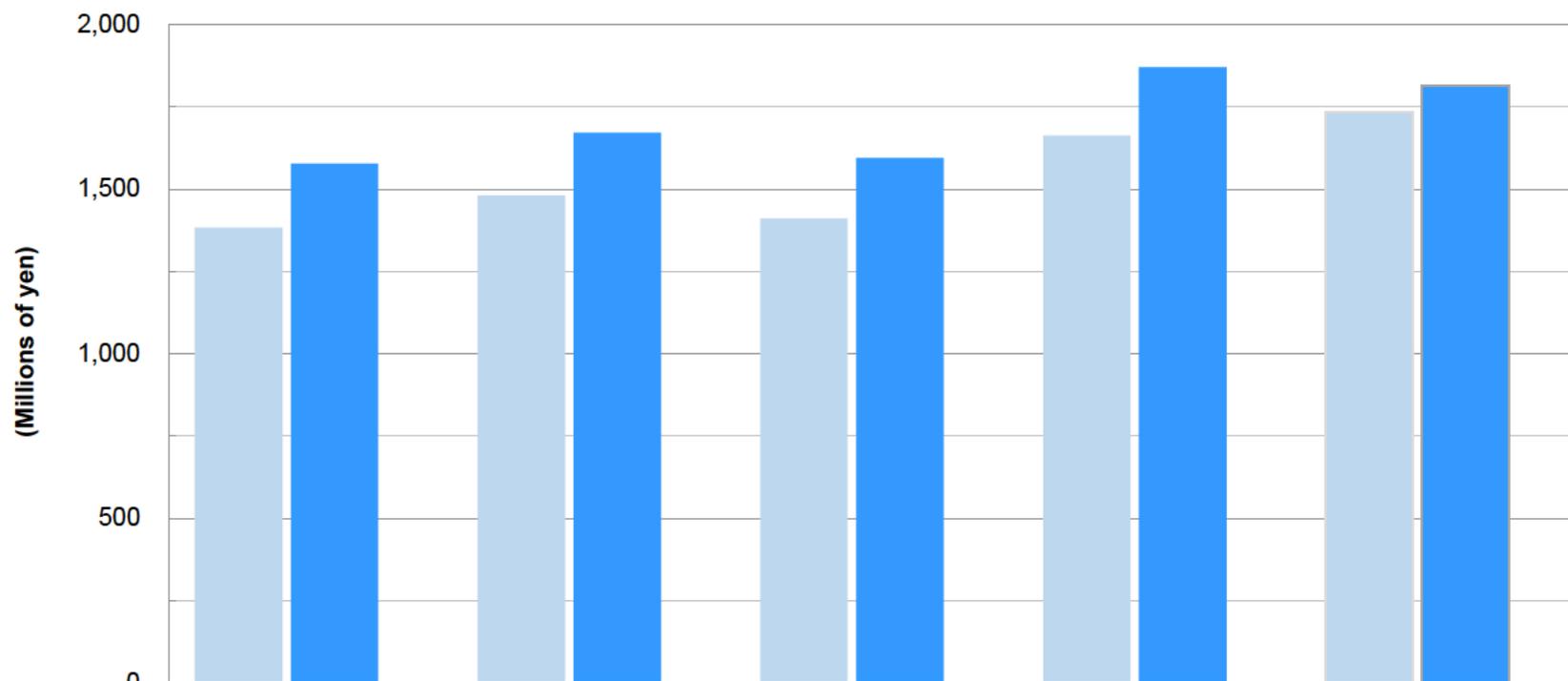
	FY2021	FY2022	FY2023	FY2024	FY2025
■ Ariake Japan	1,463	1,921	1,426	1,198	1,510
Operating income margin	17.5%	20.0%	15.0%	11.9%	13.9%
■ Ariake Group	2,070	2,652	2,230	1,957	2,217
Operating income margin	18.9%	21.0%	17.0%	14.5%	14.5%

Consolidated and Non-consolidated Ordinary Income for the First Three-month Periods



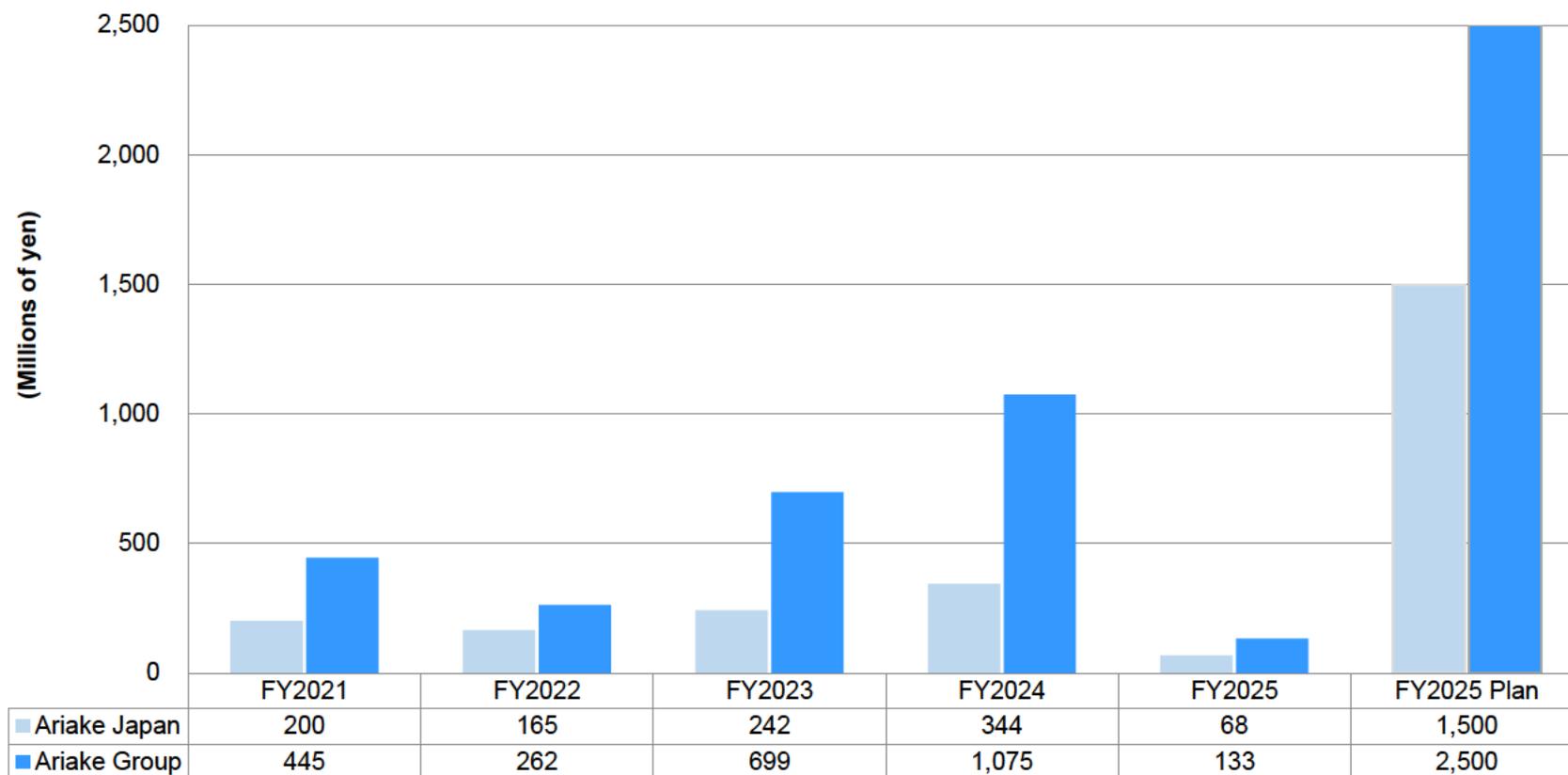
■ Ariake Japan	1,980	2,287	2,026	2,381	2,479
Ordinary income margin	23.6%	23.8%	21.3%	23.6%	22.9%
■ Ariake Group	2,347	2,768	2,530	2,844	2,912
Ordinary income margin	21.4%	21.9%	19.3%	21.1%	19.0%

Consolidated and Non-consolidated Net Income Attributable to Shareholders of Parent Company for the First Three-month Periods

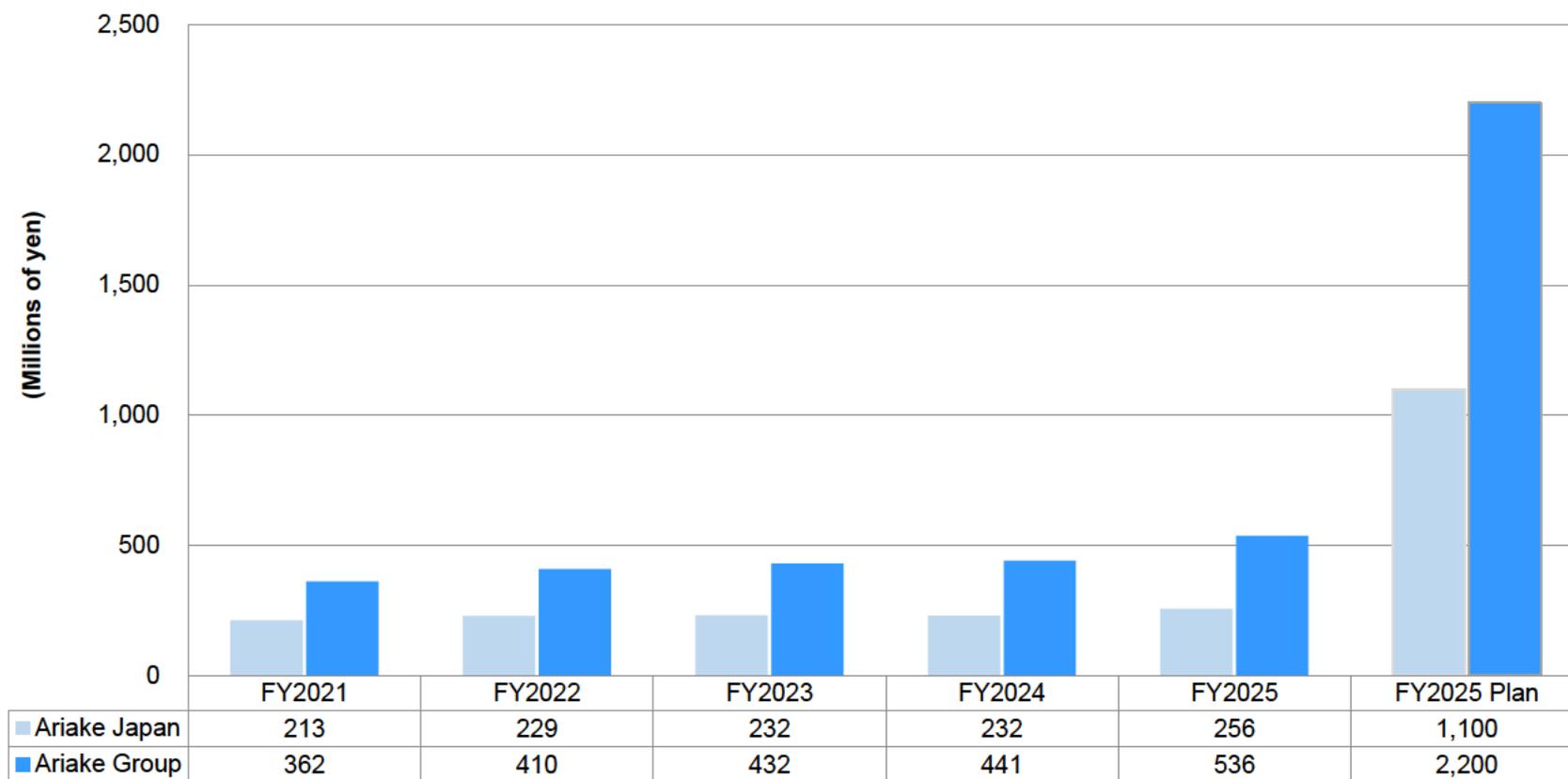


	FY2021	FY2022	FY2023	FY2024	FY2025
■ Ariake Japan	1,383	1,480	1,411	1,663	1,735
Net income margin	16.5%	15.4%	14.8%	16.5%	16.0%
■ Ariake Group	1,577	1,671	1,595	1,870	1,815
Net income margin	14.4%	13.2%	12.2%	13.9%	11.9%

Consolidated and Non-consolidated Capital Expenditures for the First Three-month Periods



Consolidated and Non-consolidated Depreciation Expenses for the First Three-month Periods



FY2025 Plan (by Geographical Area)

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

	Net Sales			Operating Income		
	FY2025 Plan (A)	FY2024 Results (B)	Change A-B	FY2025 Plan (A)	FY2024 Results (B)	Change A-B
Ariake Japan	46.0	44.7	1.3	6.9	5.9	1.0
Subsidiaries total*	16.8	14.7	2.2	3.0	2.7	0.3
Asia	10.9	9.5	1.3	2.6	2.3	0.3
Europe	5.7	5.4	0.2	0.4	0.4	(0.1)
Japan	0.3	0.3	(0.0)	0.0	0.0	(0.0)
Ariake Group	62.8	60.0	2.8	9.9	8.7	1.2

EUR	157.12	157.12	0.00
RMB	19.93	19.93	0.00
TWD	4.62	4.62	0.00
IDR	0.009	0.009	0.000

Medium-term Three-year Business Plan

▣ Ariake Group

For FY2027 (fiscal year ending March 2027), we are targeting consolidated net sales of ¥70.5 billion (with an overseas sales ratio of 32%) and operating income to net sales ratio of 19%. In addition to our existing B2B business, we will strengthen sales of B2C products to consumers, mainly in China and Belgium, to increase sales.

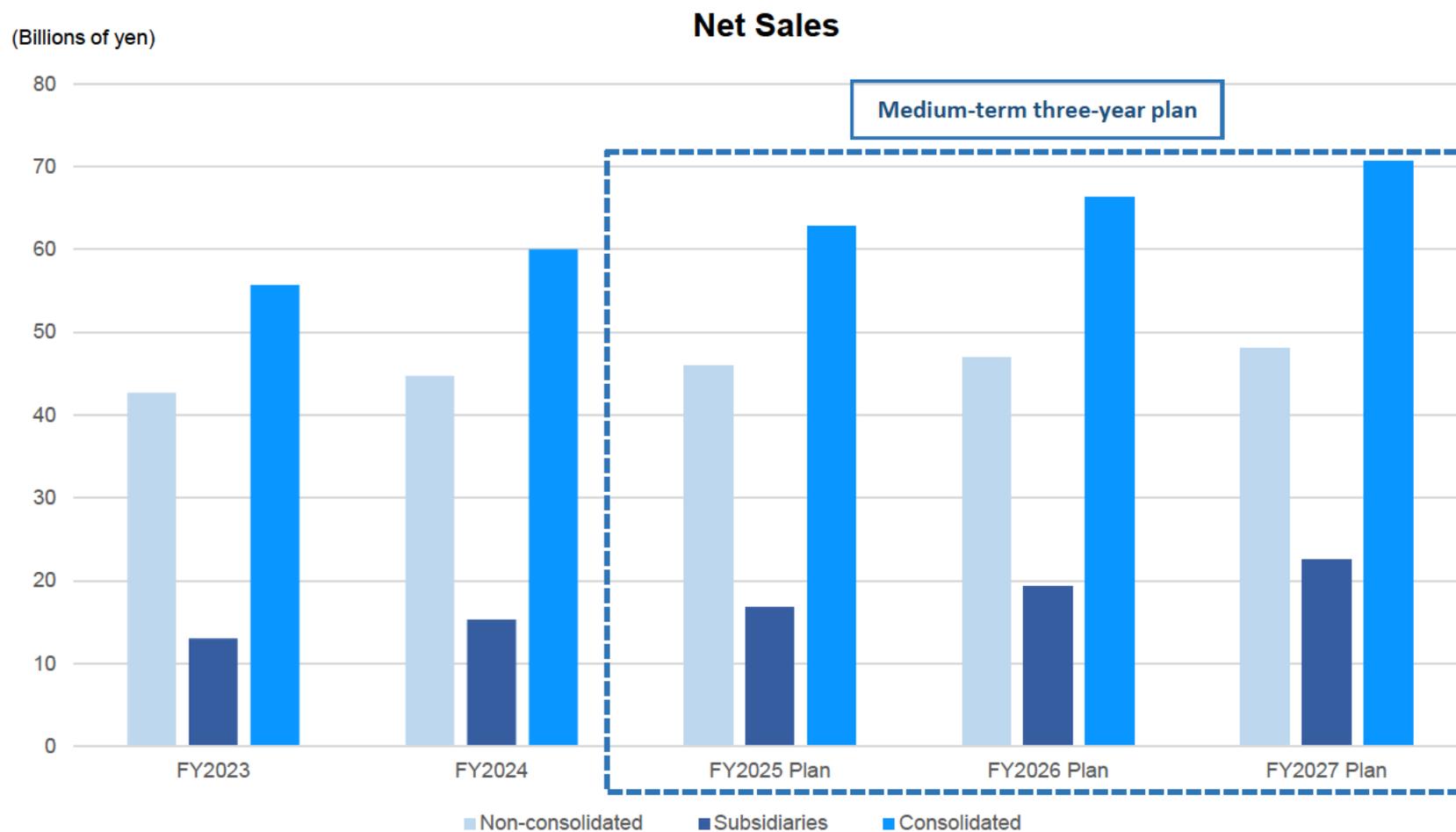
We plan to achieve an operating income to net sales ratio of 19.5% in FY2027.

▣ Ariake Japan

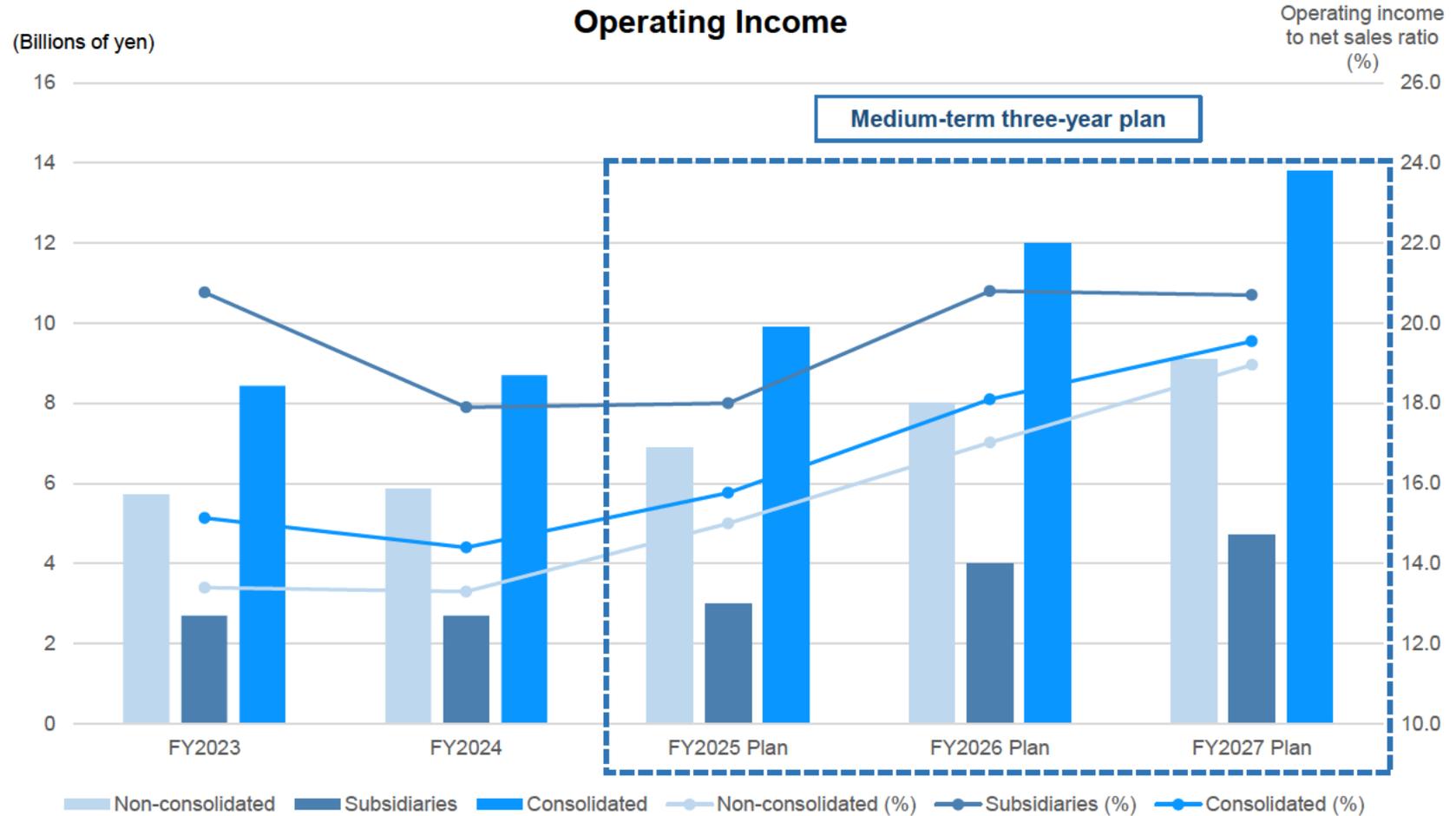
Domestically, we aim to steadily increase sales through aggressive proposal-based marketing of products that leverage our strengths, while capturing increased demand due to the recovery of the flows of people, especially in the restaurant industry, and the accompanying demand resulting from the shortage of labor. We plan to improve operating income to net sales ratio step by step by revising product prices, conducting renewals, and steadily implementing reductions in raw material, utilities, and other costs. We plan to achieve an operating income to net sales ratio of 19.0% in FY2027.

Medium-term Three-year Business Plan

Net Sales



Medium-term Three-year Business Plan Operating Income



Medium-term Three-year Business Plan

(Billions of yen)

		Result		Plan		
		FY2023	FY2024	FY2025	FY2026	FY2027
Net Sales	Ariake Japan	42.7	44.7	46.0	47.0	48.0
	Consolidated Subsidiaries	16.9	19.2	20.3	23.3	26.7
	Consolidation Adjustments	(3.9)	(3.9)	(3.5)	(4.0)	(4.2)
	Consolidated Net Sales	55.7	60.0	62.8	66.3	70.5
Operating Income	Ariake Japan	5.7	5.9	6.9	8.0	9.1
	Consolidated Subsidiaries	2.7	2.7	3.0	4.0	4.7
	Consolidated Operating Income	8.4	8.6	9.9	12.0	13.8

Vision for Growth of the Ariake Group

□ Ariake Group

By promoting growth strategies, we aim to increase sales of overseas group companies which have particularly large potential for growth to achieve ¥100 billion in consolidated net sales in 2030, 1.7 times the amount in FY2024.

□ Overseas

We aim to expand overseas group sales to more than triple the FY2024 level of ¥15.3 billion in FY2031. In China and Belgium, we will strengthen sales of B2C products to consumers in addition to our existing B2B business for industry and food service. Furthermore, we will build a new plant in the U.S. to manufacture and sell newly developed products, mainly for B2C.

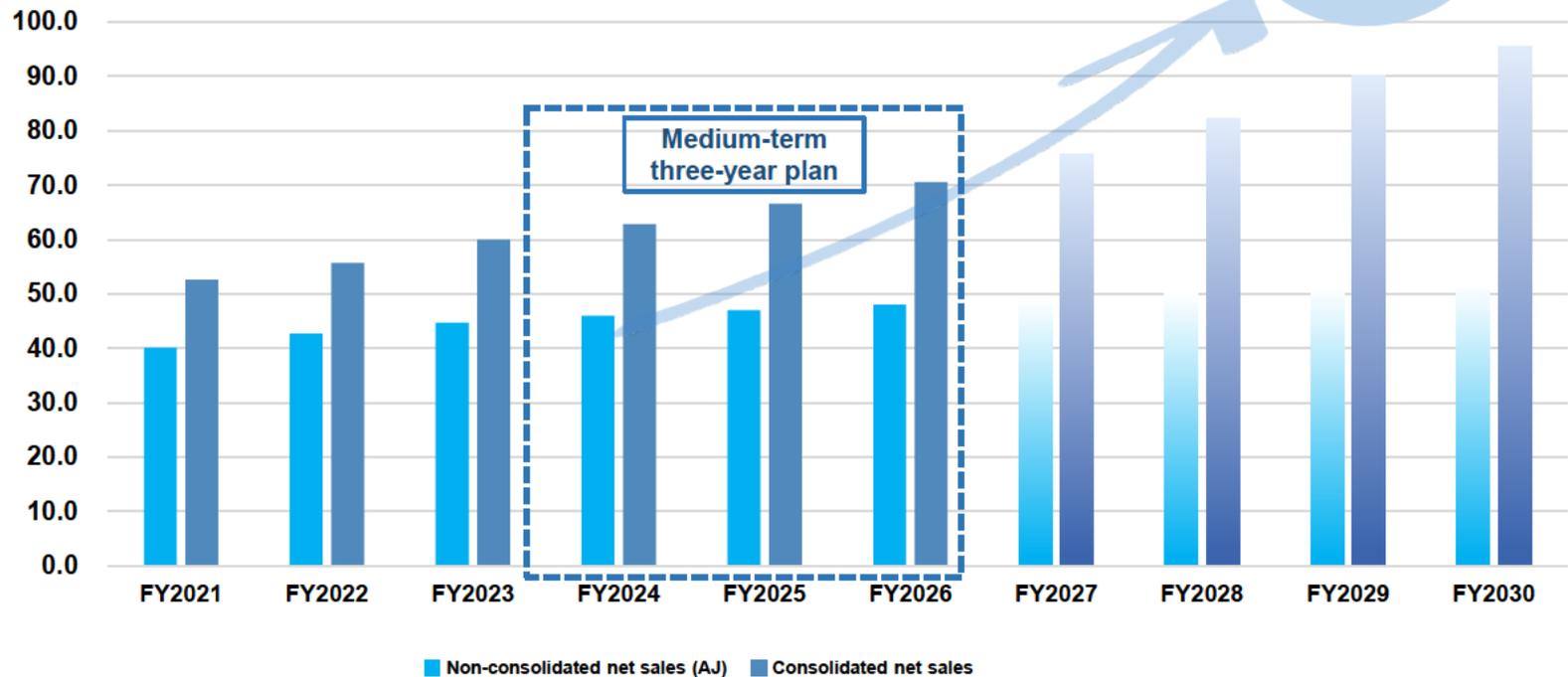
□ Ariake Japan

We will capture the increased demand due to the recovery of the flows of people, especially in the restaurant industry, and the accompanying demand resulting from labor shortages, while expanding our market share through aggressive proposal-based sales activities to achieve steady sales growth.

Vision for Growth of the Ariake Group

- Development of B2C products at plants in China and Belgium
- Re-construction of a plant in the U.S.
- In Japan, expand market share by capturing demand resulting from labor shortages and by leveraging our strengths in proposal-based marketing.

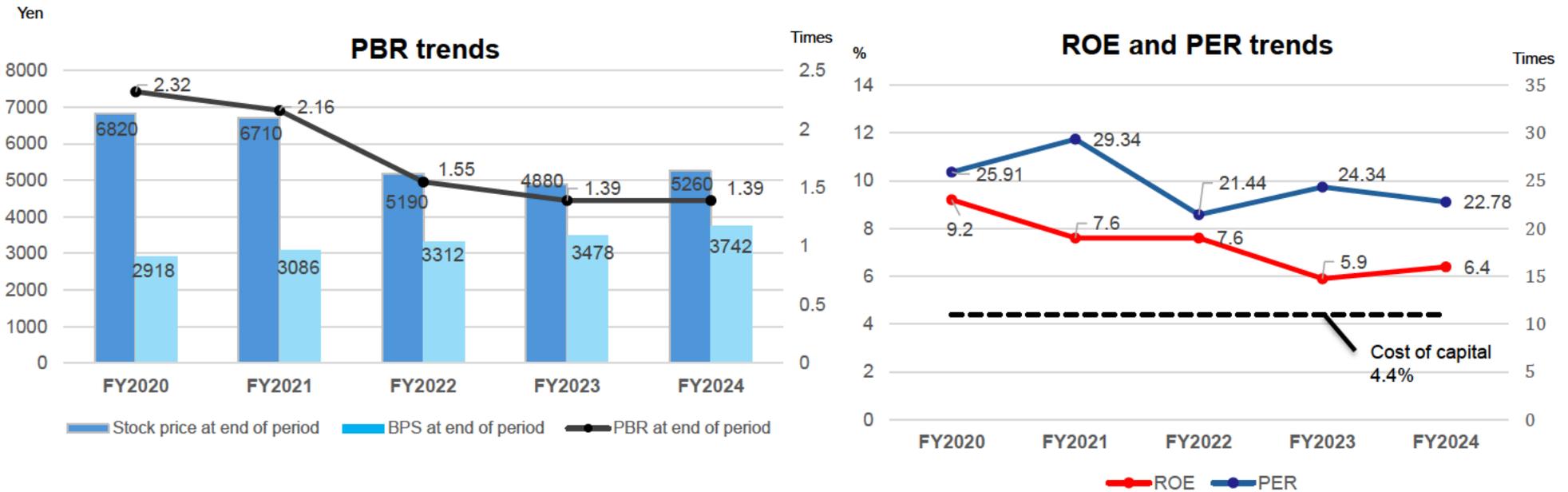
(Billions of yen)



Planned Capital Expenditure

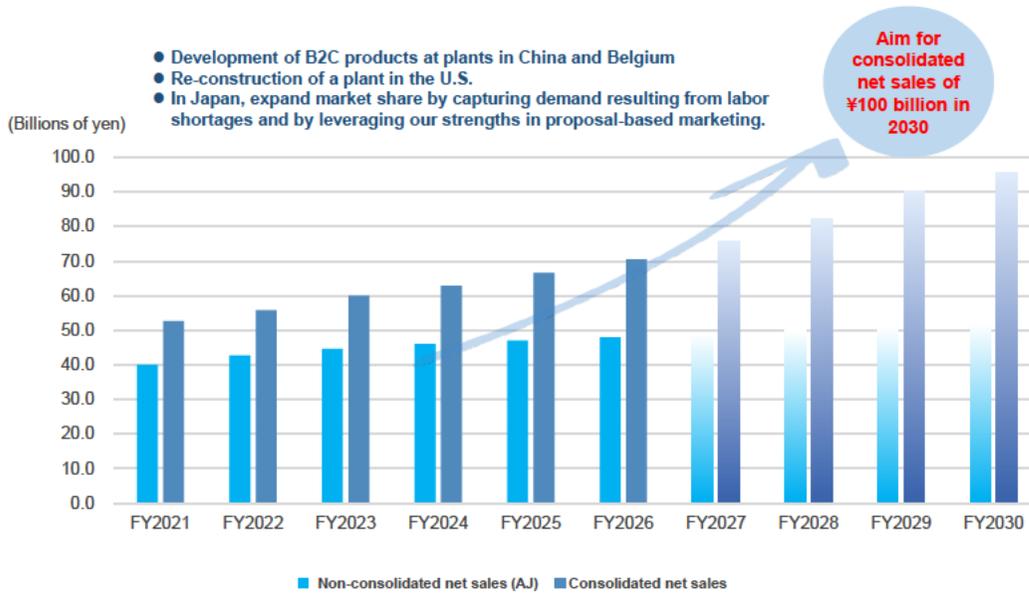
Category	2024–2026	2027–2030
China, New plant construction/expansion	¥5 billion	¥5 billion
U.S., New plant construction and expansion	¥5 billion	¥20 billion
Taiwan, Plant expansion	-	¥3 billion
Belgium, Facility expansion	-	¥4 billion
Ariake Japan, Plant expansion	-	-
Ariake Japan (annual expansion)	¥4.5 billion	¥6 billion
Overseas group companies (annual expansion)	¥3 billion	¥4 billion
Total	¥17.5 billion	¥42 billion

Management Awareness of Capital Cost and Stock Prices: Analysis of the Current Situation

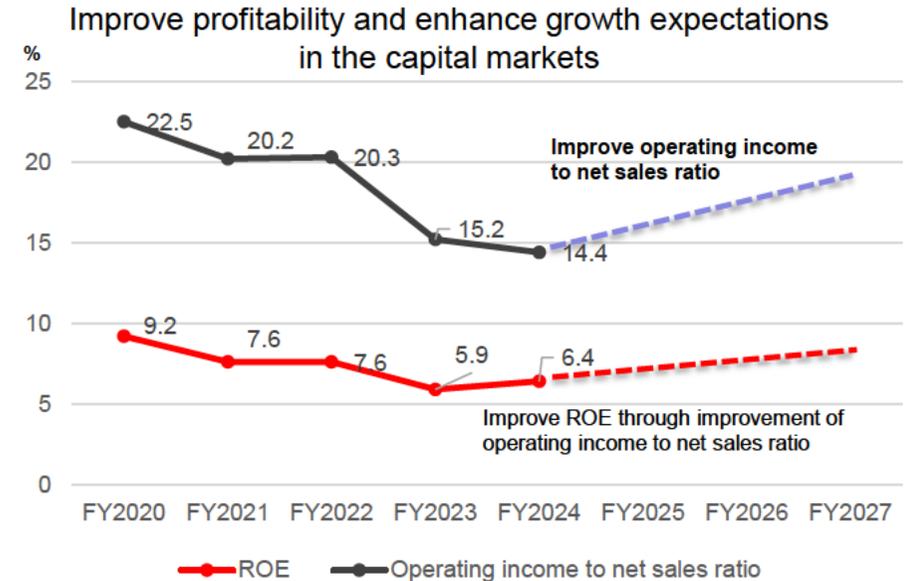


- ❑ Indicators: Cost of equity (CAPM basis), Return on capital = ROE, Market valuation = Stock price, PBR, PER
- ❑ ROE is above the CAPM-based cost of equity (4.4%) and PBR is above one times, but on a declining trend.
It is necessary to increase the excess over the cost of capital (equity spread) and to continuously improve ROE.
- ❑ Profitability is declining due to high raw material prices, yen depreciation, etc.
- ❑ Lack of external promotion of capital utilization and growth strategy, lack of expectations from capital markets and stakeholders.

Management Awareness of Capital Cost and Stock Prices: Policies, Target, and Initiatives



$$PBR = ROE \text{ (earning rate)} \times PER \text{ (expected growth)}$$



- ❑ We work to improve profitability (operating income to net sales ratio) over the medium to long term. We improve profits through price revision, renewal, cost reduction, VA, etc.
- ❑ We enhance ROE by improving profitability. We aim to achieve ROE of 8% in the medium term and 10% in the long term.
- ❑ We have respectful dialogues with the capital markets and enhance information disclosure. We strengthen the dissemination of medium- to long-term growth strategies.
- ❑ We concentrate resources on overseas group companies with large potential for growth, make capital investments to increase sales, and aim to achieve ¥100 billion in consolidated net sales in 2030.
- ❑ We maintain the basic policy to keep DOE of 3% and provide shareholder returns commensurate with net assets.
- ❑ We verify the contribution of policy shareholdings to improving corporate value over the medium to long term, and promote the reduction of shareholdings.

Commitment to Sustainability

- 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.
- We have also been actively working on decarbonization. In April 2021, we converted all electricity used at No. 1 and No. 2 Kyushu plants to renewable energy, and in May 2022, we started using renewable energy electricity generated by a self-consumption type solar photoelectric generation system (on-site PPA).
- In addition, we worked on the air heating of LNG vaporizers, the use of waste heat emitted from boiler facilities, and the reuse of vegetable raw materials, achieving a 55% reduction in CO₂ emissions in FY2023 compared to those in FY2021.

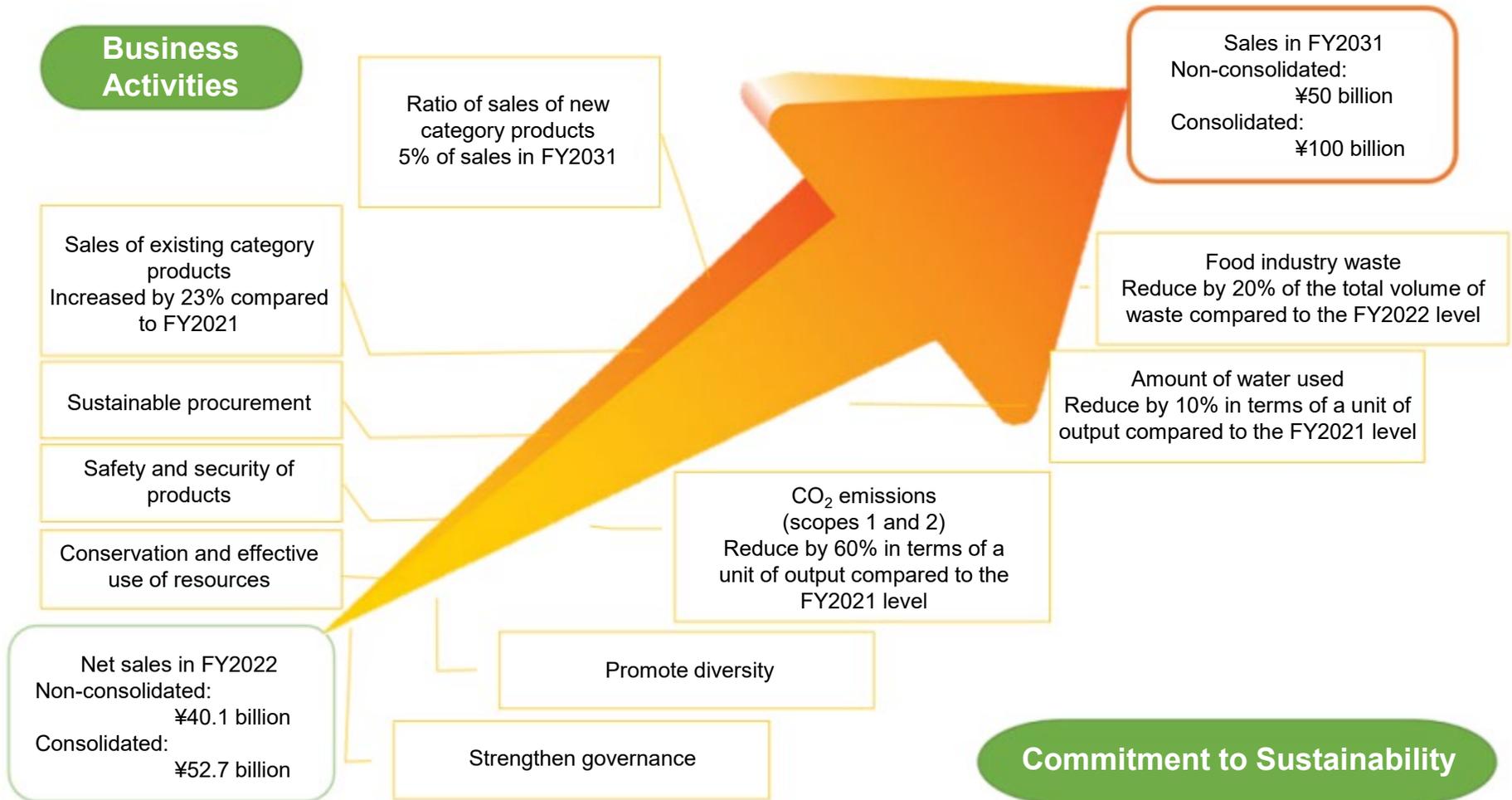


No. 2 Kyushu plant
Self-consumption type solar photoelectric generation system



LNG vaporizer air-heating type conversion and
reuse of cold heat

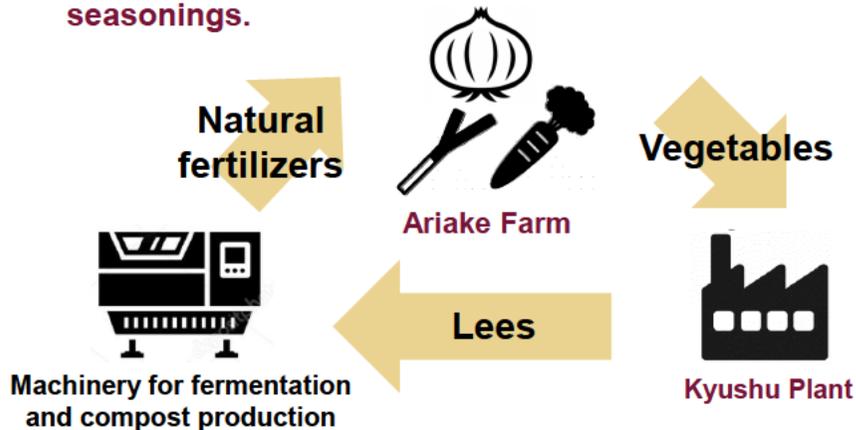
Harmony of Business Activities and Sustainability



Ariake Farms, Initiatives for Recycling-Oriented Agriculture

1 Organic* vegetable growing *No pesticides, no chemical fertilizers

1. Grows onions (2,500 tons), carrots (300 tons), green onion (160 tons), etc.
2. All vegetables are used as raw materials for natural seasonings.



- Reclaimed land in Isahaya Bay (central reclamation)
Total area: 587 ha



2 Practice of recycling-oriented agriculture

through fermentation and fertilization of soup grounds



◀Certificate

Hydroponics demonstration plant
Hydroponic vegetable plant without using chemical fertilizers

Outline of facilities

Building area
Approximately 300 tsubo (1,135 m²)



Cultivation beds:
Planting panel:
Monthly production capacity:

34.5 m × 1.1 m × 15 lanes
60 sheets/lane
Japanese mustard spinach 2,100 kg
Spinach 900 kg

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

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