

Consolidated Financial Results for the Third Quarter of FY2021 Ending March 31, 2021 (J-GAAP)

February 5, 2021

Listed company name: Ariake Japan Co., Ltd.
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Date to start of dividends distribution: –

Supplementary quarterly materials prepared: None

Quarterly results information meeting held: None

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Third Quarter of FY2021 Ending March 31, 2021 (April 1, 2020–December 31, 2020)

(1) Consolidated Financial Results (cumulative)

(Percentage figures are changes from the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Quarterly net income attributable to shareholders of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Third Quarter of FY2021	36,795	(7.1)	7,316	(17.3)	7,630	(16.0)	5,276	(15.4)
Third Quarter of FY2020	39,617	(4.4)	8,852	(0.2)	9,080	(2.5)	6,237	18.7

(Note) Comprehensive income: Third Quarter of FY2021: ¥5,293 million (4.2%) Third Quarter of FY2020: ¥5,079 million (–11.8%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Third Quarter of FY2021	165.82	–
Third Quarter of FY2020	196.02	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	108,589	96,255	88.1	3,005.56
As of March 31, 2020	104,489	93,432	88.9	2,917.83

(Reference) Equity capital: As of December 31, 2020: ¥95,638 million

As of March 31, 2020: ¥92,847 million

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2020	–	20.00	–	57.00	77.00
FY2021	–	20.00	–	–	–
FY2021 (forecast)	–	–	–	57.00	77.00

(Note) Revisions since the most recently announced dividend forecast: None

3. Forecast of the Consolidated Financial Results for FY2021 Ending March 31, 2021 (April 1, 2020–March 31, 2021)

(Full year percentage figures represent changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	52,650	0.6	11,180	(5.2)	11,310	(5.0)	7,930	(5.3)	249.21

(Note) Revisions since the most recently announced forecast of the consolidated financial results: None

* Notes

(1) Significant Changes in Subsidiaries during the Period (Changes in specified subsidiaries resulting in change of scope of consolidation): None

(2) Application of Specified Accounting Methods for Preparation of Quarterly Consolidated Financial Statements: Yes

(Note) For details, please refer to "(Application of Specified Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)" under "(3) Notes on Quarterly Financial Statements in 2. Quarterly Consolidated Financial Statements and Major Notes."

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions

- 1) Changes in accounting policies associated with revisions of accounting standards, etc.: None
- 2) Changes other than those included in 1): None
- 3) Changes in accounting estimates: None
- 4) Restatement of revisions: None

(4) Number of Issued Shares (Common Stock)

- 1) Number of issued shares as of the period-end (including treasury shares)
- 2) Number of treasury shares as of the period-end
- 3) Average number of shares (quarterly consolidated cumulative period)

As of December 31, 2020	32,808,683 shares	As of March 31, 2020	32,808,683 shares
As of December 31, 2020	988,068 shares	As of March 31, 2020	987,855 shares
First nine months of FY2021	31,820,729 shares	First nine months of FY2020	31,821,023 shares

* These quarterly financial results are outside the scope of quarterly review procedures by certified public accountants or auditing firms.

* Explanation regarding the appropriate use of forecast of consolidated financial results and other special instructions

Descriptions regarding the future, including the financial outlook 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 reasonable and actual financial results may significantly vary due to various factors.

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation regarding Financial Results

During the first nine months of the fiscal year ending March 31, 2021 (April 1, 2020–December 31, 2020), the Japanese economy gradually returned to normal from the situation in which economic activities were considerably restrained by the spread of COVID-19. However, the nationwide resurgence of COVID-19 during this winter has caused the situation to become unpredictable again, leaving consumption activities and the outlook for the economy uncertain.

In these circumstances, Ariake Japan Co., Ltd. (the "Company") and its Group companies (collectively, the "Ariake Group") have been striving to ascertain customer needs early on, expand their existing businesses throughout the world, and actively develop new businesses. In this way, the Ariake Group endeavors, as a leading manufacturer in the field of natural seasonings, and also as a global enterprise setting up a "Global Seven-Pillar System," to fulfill its commitments to food safety, good health, and better taste.

As a result of these efforts, the Ariake Group and the Company were able to record the following earnings results for the first nine months ended December 31, 2020.

The Company's net sales decreased by 8.4% (¥2,670 million) year on year to ¥29,048 million due to the impact of COVID-19 despite our sales and marketing efforts focusing on a "customer first" approach.

Net sales of consolidated subsidiaries decreased by 1.9% year on year.

As a result, consolidated net sales for the nine months under review decreased by 7.1% year on year to ¥36,795 million (down ¥2,822 million year on year).

The Company's operating income decreased by 18.9% (¥1,289 million) year on year to ¥5,539 million, owing to the significant decrease of net sales. Consolidated operating income was ¥7,316 million, representing a decrease of 17.3% (¥1,535 million) from the same period in the previous fiscal year.

The Company's ordinary income decreased by 17.1% (¥1,239 million) year on year to ¥6,013 million mainly due to the decrease in operating income despite an increase in dividends from the previous fiscal year.

Consolidated ordinary income decreased by 16.0% (¥1,450 million) year on year to ¥7,630 million.

The Company's quarterly net income decreased by 17.1% (¥865 million) year on year to ¥4,200 million.

Quarterly net income attributable to shareholders of the parent company decreased by 15.4% (¥961 million) year on year to ¥5,276 million.

Financial results of the Company and its consolidated subsidiaries by region were described below.

- Net sales

(Billions of yen)

	First nine months of FY2021	First nine months of FY2020	Difference
Ariake Japan Co., Ltd.	29.05	31.72	(2.67)
U.S.	0.00	0.00	0.00
Asia	4.58	4.93	(0.35)
Europe	2.96	2.71	0.25
Japan	0.20	0.26	(0.06)
Consolidated subsidiaries total	7.74	7.90	(0.16)
Total	36.79	39.62	(2.83)

- Operating income

(Billions of yen)

	First nine months of FY2021	First nine months of FY2020	Difference
Ariake Japan Co., Ltd.	5.54	6.83	(1.29)
U.S.	0.00	0.10	(0.10)
Asia	1.09	1.25	(0.16)
Europe	0.67	0.65	0.02
Japan	0.01	0.02	(0.01)
Consolidated subsidiaries total	1.77	2.02	(0.25)
Total	7.31	8.85	(1.54)

(2) Explanation regarding Financial Position

As of December 31, 2020, consolidated total assets were ¥108,589 million. This represents an increase of ¥4,099 million compared to March 31, 2020.

Total liabilities increased by ¥1,276 million to ¥12,333 million compared to March 31, 2020, mainly due to an increase in income taxes payable. Net assets were ¥96,255 million, which represents an increase of ¥2,822 million from March 31, 2020.

(3) Explanation regarding Information on Future Forecasts including Consolidated Financial Forecasts, etc.

We have not revised our forecast of the consolidated financial results which were announced on August 5, 2020. However, we will disclose information in an appropriate manner if any material changes occur in the future.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY2020 (As of March 31, 2020)	Third Quarter of FY2021 (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	41,904,934	49,397,696
Notes and accounts receivable - trade	9,507,527	11,673,191
Securities	6,000,000	6,500,000
Merchandise and finished goods	4,044,351	3,903,687
Work in process	898,535	1,028,688
Raw materials and supplies	2,925,684	3,343,729
Accounts receivable - other	3,007,905	26,951
Others	2,251,832	868,603
Allowance for doubtful accounts	(1,157)	(1,157)
Total current assets	70,539,614	76,741,390
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,921,894	22,270,623
Accumulated depreciation	(12,871,468)	(13,312,029)
Buildings and structures, net	9,050,425	8,958,594
Machinery, equipment and vehicles	25,007,431	25,505,519
Accumulated depreciation	(20,160,912)	(20,737,257)
Machinery, equipment and vehicles, net	4,846,518	4,768,261
Land	4,610,825	4,593,925
Leased assets	118,253	61,732
Accumulated depreciation	(102,881)	(54,819)
Leased assets, net	15,372	6,912
Construction in progress	837,523	1,261,648
Others	1,180,259	1,234,468
Accumulated depreciation	(961,261)	(1,009,679)
Others, net	218,998	224,789
Total property, plant and equipment	19,579,664	19,814,131
Intangible assets		
Goodwill	343,735	278,645
Other	139,899	129,146
Total intangible assets	483,634	407,792
Investments and other assets		
Investment securities	12,895,994	10,651,102
Long-term loans receivable	12,748	7,059
Real estate for investment, net	571,863	568,165
Deferred tax assets	10,064	18,109
Others	396,422	381,755
Allowance for doubtful accounts	(129)	(129)
Total investments and other assets	13,886,963	11,626,063
Total non-current assets	33,950,262	31,847,986
Total assets	104,489,877	108,589,377

(Thousands of yen)

	FY2020 (As of March 31, 2020)	Third Quarter of FY2021 (As of December 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,725,466	4,828,923
Lease obligations	11,625	5,383
Income taxes payable	285,180	1,019,073
Provision for bonuses	287,526	100,760
Provision for directors' bonuses	78,400	—
Others	1,955,602	2,528,981
Total current liabilities	7,343,801	8,483,122
Non-current liabilities		
Lease obligations	4,071	1,428
Deferred tax liabilities	1,963,069	2,099,192
Provision for directors' retirement benefits	145,821	153,039
Net defined benefit liability	1,353,395	1,363,639
Others	246,865	233,218
Total non-current liabilities	3,713,222	3,850,518
Total liabilities	11,057,024	12,333,640
Net assets		
Shareholders' equity		
Capital stock	7,095,096	7,095,096
Capital surplus	7,840,343	7,840,343
Retained earnings	75,521,791	78,348,065
Treasury shares	(2,098,406)	(2,099,873)
Total shareholders' equity	88,358,824	91,183,631
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,925,202	4,082,669
Foreign currency translation adjustment	632,343	417,382
Remeasurements of defined benefit plans	(68,375)	(44,892)
Total accumulated other comprehensive income	4,489,170	4,455,159
Non-controlling interests	584,857	616,946
Total net assets	93,432,852	96,255,737
Total liabilities and net assets	104,489,877	108,589,377

**(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)**

(Thousands of yen)

	Third Quarter of FY2020 (April 1, 2019 to December 31, 2019)	Third Quarter of FY2021 (April 1, 2020 to December 31, 2020)
Net sales	39,617,145	36,795,019
Cost of sales	25,091,911	24,108,448
Gross profit	14,525,234	12,686,571
Selling, general and administrative expenses	5,673,074	5,370,014
Operating income	8,852,159	7,316,557
Non-operating income		
Interest income	63,509	101,666
Dividend income	155,827	138,304
House rent income	24,308	25,883
Others	70,415	80,020
Total non-operating income	314,060	345,874
Non-operating expenses		
Interest expenses	61	2,168
Foreign exchange losses	44,906	7,386
Cost of lease revenue	10,721	9,631
Others	29,587	13,115
Total non-operating expenses	85,276	32,301
Ordinary income	9,080,943	7,630,129
Income before income taxes and minority interests	9,080,943	7,630,129
Income taxes	2,771,857	2,297,317
Quarterly net income	6,309,086	5,332,812
Quarterly net income attributable to non-controlling interests	71,486	56,337
Quarterly net income attributable to shareholders of the parent company	6,237,599	5,276,475

(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Third Quarter of FY2020 (April 1, 2019 to December 31, 2019)	Third Quarter of FY2021 (April 1, 2020 to December 31, 2020)
Quarterly net income	6,309,086	5,332,812
Other comprehensive income		
Valuation difference on available-for-sale securities	(314,655)	157,466
Foreign currency translation adjustment	(942,388)	(219,942)
Remeasurements of defined benefit plans	27,045	23,482
Total other comprehensive income	(1,229,999)	(38,993)
Quarterly comprehensive income	5,079,087	5,293,819
Quarterly comprehensive income attributable to:		
Quarterly comprehensive income attributable to shareholders of the parent company	5,039,717	5,242,464
Quarterly comprehensive income attributable to non- controlling interests	39,369	51,355

(3) Notes on Quarterly Financial Statements

(Notes on the Going Concern Assumption)

There is nothing to report.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

There is nothing to report.

(Application of Specified Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)

With respect to tax expenses, the effective tax rate after the application of tax effect accounting on income before income taxes and minority interests of the consolidated fiscal year, including the third quarter under review were rationally estimated and tax expenses were calculated multiplying income before income taxes and minority interests by said estimated effective tax rate.

Adjustments for income and other taxes are included in income taxes.

(Segment Information, etc.)

[Segment information]

Segment information is omitted because the natural seasonings business is our only segment.