

Consolidated Financial Results for the Fiscal Year 2021 (J-GAAP)

May 13, 2021

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 Results information meeting held: Yes (for financial analysts)

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

1. Consolidated Financial Results for the Year Ended March 31, 2021 (April 1, 2020–March 31, 2021)

(1) Consolidated Financial Results

(Percentage figures represent changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2021	49,684	(5.1)	10,046	(14.8)	10,675	(10.4)	7,277	(13.1)
FY2020	52,329	(7.5)	11,789	(1.3)	11,908	(5.1)	8,375	(49.8)

Note: Comprehensive income: FY2021: ¥7,906 million (13.3%)

FY2020: ¥6,991 million (–59.4%)

	Net income per share	Fully diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2021	228.70	–	7.6	9.9	20.2
FY2020	263.21	–	9.2	11.3	22.5

Reference: Investment profit/loss on equity method: FY2021: ¥ – million

FY2020: ¥ – million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2021	111,681	98,867	87.9	3,086.18
FY2020	104,489	93,432	88.9	2,917.83

Reference: Equity capital: FY2021: ¥98,203 million

FY2020: ¥92,847 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2021	11,015	4,276	(2,483)	40,877
FY2020	1,977	8,971	(2,476)	27,904

2. Dividends

	Dividends per share					Total dividends (Annual)	Dividends payout ratio (Consolidated)	Dividends on shareholders' equity ratio (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2020	–	20.00	–	57.00	77.00	2,450	29.3	2.7
FY2021	–	20.00	–	57.00	77.00	2,450	33.7	2.6
FY2022 (forecast)	–	20.00	–	57.00	77.00		30.2	

3. Forecast of the Consolidated Financial Results for the Year Ending March 31, 2022 (April 1, 2021–March 31, 2022)

(Full year percentage figures represent changes from the previous fiscal year, and first half figures represent the rates of changes from the same period of the previous 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
First half year	25,521	12.6	5,360	25.0	5,360	16.2	3,564	12.0	112.00
Full year	54,300	9.3	11,800	17.5	11,800	10.5	8,100	11.3	254.55

* Notes

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

Newly included: None (Company name:) Removed: None (Company name:)

(2) 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

(3) Number of Issued Shares (Common Stock)

1) Number of issued shares as of the period-end (including treasury shares)	As of March 31, 2021:	32,808,683 shares	As of March 31, 2020:	32,808,683 shares
2) Number of treasury shares as of the period-end	As of March 31, 2021:	988,181 shares	As of March 31, 2020:	987,855 shares
3) Average number of shares for the period	FY 2021:	31,820,688 shares	FY 2020:	31,820,980 shares

(Reference) Summary of Non-consolidated Financial Results

1. Financial Results for the Year Ended March 31, 2021 (April 1, 2020–March 31, 2021)

(1) Non-consolidated Financial Results

(Percentage figures represent changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2021	38,563	(6.8)	7,407	(17.7)	8,116	(12.1)	5,578	(15.9)
FY2020	41,371	5.6	8,998	8.7	9,233	2.3	6,633	(64.0)

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY2021	175.30	–
FY2020	208.45	–

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2021	103,011	93,156	90.4	2,927.55
FY2020	97,837	89,657	91.6	2,817.57

Reference: Equity capital: FY2021: ¥93,156 million FY2020: ¥89,657 million

2. Forecast of the Non-consolidated Financial Results for the Year Ending March 31, 2022 (April 1, 2021–March 31, 2022)

(Full year percentage figures represent changes from the previous fiscal year, and first half figures represent the rates of changes from the same period of the previous year.)

	Net sales		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half year	19,000	5.9	4,300	15.9	3,000	15.8	94.28
Full year	41,500	7.6	8,800	8.4	6,100	9.4	191.70

* These financial results are outside the scope of the audit 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. Overview of Financial Results, etc.

(1) Overview of Financial Results for the FY2021

(Consolidated Financial Results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to shareholders of the parent company	Net income per share (yen)
FY2021	49,684	10,046	10,675	7,277	228.70
FY2020	52,329	11,789	11,908	8,375	263.21
Growth Rate	(5.1%)	(14.8%)	(10.4%)	(13.1%)	—

(Non-consolidated Financial Results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2021	38,563	7,407	8,116	5,578	175.30
FY2020	41,371	8,998	9,233	6,633	208.45
Growth Rate	(6.8%)	(17.7%)	(12.1%)	(15.9%)	—

During the fiscal year ended March 31, 2021, the Japanese economy continued to struggle with the COVID-19 pandemic, but showed signs of improvement as economic activities gradually resumed after the nation's first state of emergency was lifted. However, the situation remains uncertain amid the resurgence of COVID-19.

Under such circumstances, we reinforced hygiene management at our domestic and overseas sites to prevent infections and implemented alternative work arrangements. Especially at our overseas locations, we operated our business in compliance with national and local government guidelines of each country.

Against this backdrop, Ariake Japan Co., Ltd. (the "Company") and its Group companies (collectively, the "Ariake Group") have been striving to understand 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, to fulfill its commitments to food safety, good health, and better taste.

As a result of these efforts, the Group and the Company were able to record the following earnings for the fiscal year under review.

The Company's net sales decreased by 6.8% (¥2,807 million) year on year, to ¥38,563 million, resulting from our steady sales and marketing efforts focusing on a "customer-first" approach.

Sales of subsidiaries increased by 1.5% year on year.

Therefore, consolidated net sales for the fiscal year under review decreased by 5.1% (¥2,645 million) year on year to ¥49,684 million.

The Company's operating income decreased by 17.7% (¥1,591 million) year on year to ¥7,407 million, largely due to decreased sales and a failure to absorb fixed costs.

Consolidated operating income decreased by 14.8% (¥1,743 million) year on year to ¥10,046 million.

The Company's ordinary income decreased by 12.1% (¥1,116 million) year on year to ¥8,116 million. This was mainly attributable to a ¥390 million increase in foreign exchange gains compared to the previous year.

Consolidated ordinary income decreased by 10.4% (¥1,233 million) year on year to ¥10,675 million.

Net income for the Company decreased by 15.9% (¥1,054 million) year on year to ¥5,578 million.

Net income attributable to shareholders of the parent company decreased by 13.1% (¥1,098 million) year on year to ¥7,277 million.

The Ariake Group has only one reportable segment, so information on segment performance is not reported.

(2) Overview of Financial Position for the FY2021

(Assets)

As of March 31, 2021, total current assets were ¥79,407 million yen. This represents an increase of ¥8,868 million compared to March 31, 2020, mainly due to an increase of ¥12,972 million in cash and deposits, an increase of ¥856 million in notes and accounts receivable - trade, and a decrease of ¥2,998 million in accounts receivable - other. Total non-current assets decreased by ¥1,676 million compared to March 31, 2020 to ¥32,273 million, mainly due to an increase of ¥475 million in property, plant and equipment and a decrease of ¥2,043 million in investment securities.

Therefore, total assets were ¥111,681 million, an increase of ¥7,191 million compared to March 31, 2020.

(Liabilities)

As of March 31, 2021, total current liabilities were ¥8,947 million, which represents an increase of ¥1,603 million compared to March 31, 2020. This was mainly attributable to an increase of ¥1,619 million in income taxes payable. Total non-current liabilities increased to ¥3,866 million, an increase of ¥152 million compared to March 31, 2020. This was mainly owing to an increase of ¥184 million in deferred tax liabilities.

Therefore, total liabilities were ¥12,813 million, an increase of ¥1,756 million compared to March 31, 2020.

(Net Assets)

As of March 31, 2021, total net assets were ¥98,867 million, representing an increase of ¥5,434 million compared to March 31, 2020. This was mainly due to ¥7,277 million in net income attributable to shareholders of the parent company and ¥2,450 million in dividends of surplus.

Therefore, equity ratio was 87.9% (88.9% as of March 31, 2020).

(3) Overview of Cash Flows in the FY2021

Cash and cash equivalents (hereinafter "cash") as of March 31, 2021 totaled ¥40,877 million, an increase of ¥12,972 million (up 46.5%) compared to March 31, 2020, as a result of matters such as the collection of accounts receivable – other, sale of securities, and outflows due to the payment of cash dividends despite a decrease in income before income taxes and minority interests to ¥10,567 million (down 12.9% compared to the FY2020).

Overview of the respective cash flows and factors that influenced them in the FY2021 are stated as below.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥11,015 million (a year on year increase in inflow of ¥9,038 million). While income before income taxes and minority interests decreased to ¥10,567 million (a year on year decrease of ¥1,563 million) and depreciation of ¥1,505 million was posted, an increase in notes and accounts receivable - trade was ¥807 million.

(Cash flows from investing activities)

Net cash provided by investing activities was an inflow of ¥4,276 million (a year on year decrease in inflow of ¥4,694 million), mainly attributable to capital expenditure of ¥1,502 million (a year on year decrease in outflow of ¥90 million) and proceeds of ¥6,000 million from sale of securities.

(Cash flows from financing activities)

Net cash used in financing activities was ¥2,483 million (a year on year increase of outflow of ¥6 million). This was mainly attributable to payment of cash dividends of ¥2,450 million.

(Reference) Cash Flow Indicators

	FY2017	FY2018	FY2019	FY2020	FY2021
Equity ratio (%)	84.4	84.5	82.8	88.9	87.9
Equity ratio based on fair value (%)	258.6	311.5	176.6	207.7	191.2
Cash flows interest-bearing debts ratio (years)	0.1	0.0	0.0	0.0	0.0
Interest coverage ratio (times)	1,398.3	3,801.3	21,567.6	28,694.2	3,665.0

Equity ratio: equity capital / total assets

Equity ratio based on fair value: total fair value / total assets

Cash flows interest-bearing liabilities ratio: interest-bearing debts / cash flows

Interest coverage ratio: cash flows / interest payments

(Note 1) All indicators are calculated using financial figures on a consolidated basis.

(Note 2) Total fair value is calculated based on number of issued shares after deducting treasury shares.

(Note 3) The "Cash flows from operating activities" was used as cash flows.

(Note 4) All interest-bearing debts on the Consolidated Balance Sheets were used as interest-bearing debts.

(4) Future Outlook

(Forecast for consolidated financial results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to shareholders of the parent company	Net income per share (yen)
FY2022	54,300	11,800	11,800	8,100	254.55
FY2021	49,684	10,046	10,675	7,277	228.70
Growth Rate	9.3%	17.5%	10.5%	11.3%	—

(Forecast for non-consolidated financial results)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
FY2022	41,500	8,300	8,800	6,100	191.70
FY2021	38,563	7,407	8,116	5,578	175.30
Growth Rate	7.6%	12.1%	8.4%	9.4%	—

Economic and social activities across the globe, as well as the domestic and international business environment, will continue to be affected by COVID-19, but will eventually pick up.

For more than a decade, the Ariake Group has made large-scale capital expenditures of more than ¥20 billion across the globe to expand worldwide demand for natural seasonings and to have our products penetrate global markets. The results of these domestic and overseas capital expenditures are steadily being realized. Net sales of the Company in the FY2021 was ¥38,563 million, an increase of approximately 68% compared to the FY2011 (¥22,919 million) and consolidated net sales increased to ¥49,684 million, an improvement of around 83% from the FY2011 (¥27,051 million).

Our income also has steadily been growing, offsetting the increase in depreciation due to capital expenditures. The Company's net income was ¥5,578 million and net income attributable to shareholders of our parent company was ¥7,277 million in the FY2021. In the coming fiscal year, as well, we will make the most of our proprietary technologies and cutting-edge facilities, and will spare no effort in fully leveraging the unique qualities discussed above to maintain steady increase of its earnings.

In these circumstances, for the next consolidated fiscal year, the FY2022, we will develop new products and markets while understanding changes in consumer tastes in the domestic market, aiming at gaining greater market share.

We will also work to enhance sales in the Chinese and Taiwanese markets, where sales are expected to expand further, and strengthen channels for the export of ingredients from Indonesia to Japan while raising sales in Indonesia.

In Europe, we will strive to enhance sales by launching newly developed products and strengthening channels for the export of ingredients to Japan.

Uncertainty remains over when the COVID-19 pandemic will end and the challenging business environment is expected to continue. However, we will execute these initiatives to pursue further growth in FY 2022.

In these circumstances, for the next consolidated fiscal year, the FY2022, consolidated net sales are projected to be ¥54,300 million (up 9.3% compared to the FY2021), operating income ¥11,800 million (up 17.5%), ordinary income ¥11,800 million (up 10.5%), and net income attributable to shareholders of parent company ¥8,100 million (up 11.3%).

We used exchange rates of 1 US dollar = ¥109 and 1 euro = ¥129 as the base for forecast for financial results.

The forecast for financial results above was prepared based on information available as of the date of announcement of this material, and actual results may be different from the forecast figures due to various factors including the effects of the spread of COVID-19 under a future state of emergency.

2. Basic Approach to the Selection of Accounting Standards

In consideration of comparability of the consolidated financial statements over different accounting periods, the Group will prepare consolidated financial statements based on Japanese GAAP for the time being. For the application of International Financial Reporting Standards (IFRS), the Group will take adequate actions while paying attention to various situations inside and outside Japan.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	41,904,934	54,877,790
Notes and accounts receivable - trade	9,507,527	10,363,876
Securities	6,000,000	5,500,000
Merchandise and finished goods	4,044,351	3,576,288
Work in process	898,535	1,104,050
Raw materials and supplies	2,925,684	3,211,544
Accounts receivable - other	3,007,905	9,188
Others	2,251,832	766,339
Allowance for doubtful accounts	(1,157)	(1,158)
Total current assets	70,539,614	79,407,920
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,921,894	22,701,250
Accumulated depreciation	(12,871,468)	(13,526,976)
Buildings and structures, net	9,050,425	9,174,273
Machinery, equipment and vehicles	25,007,431	25,883,368
Accumulated depreciation	(20,160,912)	(20,807,568)
Machinery, equipment and vehicles, net	4,846,518	5,075,799
Land	4,610,825	4,607,350
Leased assets	118,253	61,924
Accumulated depreciation	(102,881)	(57,441)
Leased assets, net	15,372	4,483
Construction in progress	837,523	961,089
Others	1,180,259	1,257,431
Accumulated depreciation	(961,261)	(1,024,882)
Others, net	218,998	232,549
Total property, plant and equipment	19,579,664	20,055,546
Intangible assets		
Goodwill	343,735	261,143
Others	139,899	131,454
Total intangible assets	483,634	392,598
Investments and other assets		
Investment securities	*1 12,895,994	*1 10,852,886
Long-term loans receivable	12,748	6,793
Real estate for investment, net	*2 571,863	*2 566,932
Deferred tax assets	10,064	18,102
Others	396,422	380,587
Allowance for doubtful accounts	(129)	(129)
Total investments and other assets	13,886,963	11,825,173
Total non-current assets	33,950,262	32,273,317
Total assets	104,489,877	111,681,238

(Thousands of yen)

	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,725,466	4,451,434
Lease obligations	11,625	3,851
Income taxes payable	285,180	1,904,615
Provision for bonuses	287,526	274,908
Provision for directors' bonuses	78,400	69,700
Others	1,955,602	2,243,125
Total current liabilities	7,343,801	8,947,635
Non-current liabilities		
Lease obligations	4,071	280
Deferred tax liabilities	1,963,069	2,148,022
Provision for directors' retirement benefits	145,821	155,446
Net defined benefit liability	1,353,395	1,331,966
Others	246,865	230,291
Total non-current liabilities	3,713,222	3,866,006
Total liabilities	11,057,024	12,813,642
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	80,348,904
Treasury shares	(2,098,406)	(2,100,667)
Total shareholders' equity	88,358,824	93,183,676
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,925,202	4,298,161
Foreign currency translation adjustment	632,343	725,881
Remeasurements of defined benefit plans	(68,375)	(4,036)
Total accumulated other comprehensive income	4,489,170	5,020,006
Non-controlling interests	584,857	663,912
Total net assets	93,432,852	98,867,595
Total liabilities and net assets	104,489,877	111,681,238

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

(Consolidated Statements of Income)

(Thousands of yen)

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Net sales	52,329,618	49,684,501
Cost of sales	*1, *3 32,985,612	*1, *3 32,429,431
Gross profit	19,344,006	17,255,070
Selling, general and administrative expenses	*2, *3 7,554,329	*2, *3 7,208,672
Operating income	11,789,676	10,046,398
Non-operating income		
Interest and dividend income	231,952	281,924
House rent income	32,432	30,900
Foreign exchange gains	—	239,406
Others	104,216	118,256
Total non-operating income	368,601	670,488
Non-operating expenses		
Interest expenses	63	3,005
Foreign exchange losses	192,125	—
Cost of lease revenue	13,843	12,885
Loss on retirement of non-current assets	16,300	4,321
Others	27,854	21,607
Total non-operating expenses	250,186	41,820
Ordinary income	11,908,091	10,675,067
Extraordinary income		
Gain on sales of shares of subsidiaries	222,836	—
Total extraordinary income	222,836	—
Extraordinary losses		
Loss on valuation of securities	—	107,194
Total extraordinary losses	—	107,194
Income before income taxes and minority interests	12,130,927	10,567,872
Income taxes - current	3,082,013	3,203,074
Income taxes - deferred	573,764	(3,515)
Total income taxes	3,655,778	3,199,558
Net income	8,475,149	7,368,313
Net income attributable to non-controlling interests	99,489	90,998
Net income attributable to shareholders of the parent company	8,375,660	7,277,314

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Net income	8,475,149	7,368,313
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,360,211)	372,958
Foreign currency translation adjustment	(121,720)	100,862
Remeasurements of defined benefit plans	(1,920)	64,338
Total other comprehensive income	(1,483,852)	538,159
Comprehensive income	6,991,297	7,906,472
Comprehensive income attributable to:		
Comprehensive income attributable to shareholders of the parent company	6,907,110	7,808,150
Comprehensive income attributable to non-controlling interests	84,186	98,322

(3) Consolidated Statements of Changes in Equity

FY2020 (from April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,095,096	7,840,343	69,596,355	(2,095,860)	82,435,933
Changes of items during period					
Dividends of surplus			(2,450,223)		(2,450,223)
Net income attributable to shareholders of the parent company			8,375,660		8,375,660
Purchase of treasury shares				(2,545)	(2,545)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	5,925,436	(2,545)	5,922,890
Balance at end of current period	7,095,096	7,840,343	75,521,791	(2,098,406)	88,358,824

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5,285,414	738,760	(66,454)	5,957,720	510,376	88,904,030
Changes of items during period						
Dividends of surplus						(2,450,223)
Net income attributable to shareholders of the parent company						8,375,660
Purchase of treasury shares						(2,545)
Net changes of items other than shareholders' equity	(1,360,211)	(106,417)	(1,920)	(1,468,549)	74,480	(1,394,068)
Total changes of items during period	(1,360,211)	(106,417)	(1,920)	(1,468,549)	74,480	4,528,822
Balance at end of current period	3,925,202	632,343	(68,375)	4,489,170	584,857	93,432,852

FY2021 (from April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,095,096	7,840,343	75,521,791	(2,098,406)	88,358,824
Changes of items during period					
Dividends of surplus			(2,450,201)		(2,450,201)
Net income attributable to shareholders of the parent company			7,277,314		7,277,314
Purchase of treasury shares				(2,261)	(2,261)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	4,827,113	(2,261)	4,824,852
Balance at end of current period	7,095,096	7,840,343	80,348,904	(2,100,667)	93,183,676

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	3,925,202	632,343	(68,375)	4,489,170	584,857	93,432,852
Changes of items during period						
Dividends of surplus						(2,450,201)
Net income attributable to shareholders of the parent company						7,277,314
Purchase of treasury shares						(2,261)
Net changes of items other than shareholders' equity	372,958	93,538	64,338	530,835	79,055	609,890
Total changes of items during period	372,958	93,538	64,338	530,835	79,055	5,434,743
Balance at end of current period	4,298,161	725,881	(4,036)	5,020,006	663,912	98,867,595

(4) Consolidated Statements of Cash Flows

	(Thousands of yen)	
	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Income before income taxes and minority interests	12,130,927	10,567,872
Depreciation	1,597,208	1,505,199
Amortization of goodwill	91,662	94,961
Increase (decrease) in net defined benefit liability	116,725	42,973
Increase (decrease) in provision for directors' retirement benefits	9,025	9,625
Increase (decrease) in provision for directors' bonuses	-	(8,700)
Increase (decrease) in provision for bonuses	17,312	(12,973)
Interest and dividend income	(231,952)	(281,924)
Interest expenses	63	3,005
Foreign exchange losses (gains)	190,312	(229,628)
Loss on retirement of non-current assets	16,300	4,321
Loss (gain) on sales of shares of subsidiaries	(222,836)	-
Loss (gain) on valuation of investment securities	-	107,194
Decrease (increase) in notes and accounts receivable - trade	854,398	(807,966)
Decrease (increase) in inventories	(1,173,291)	26,883
Increase (decrease) in notes and accounts payable - trade	429,827	(347,928)
Increase (decrease) in accrued consumption taxes	(22,644)	(138,050)
Decrease (increase) in other assets	(1,675,807)	100,545
Increase (decrease) in other liabilities	(616,920)	69,446
Subtotal	11,510,311	10,704,857
Interest and dividend income received	235,306	284,182
Interest expenses paid	(63)	(3,005)
Income taxes paid	(9,768,541)	(1,643,839)
Income taxes refund	-	1,673,328
Net cash provided by operating activities	1,977,013	11,015,523
Cash flows from investing activities		
Proceeds from sale of securities	2,500,000	6,000,000
Net decrease (increase) in time deposits	(1,495,620)	-
Purchase of property, plant and equipment	(1,593,632)	(1,502,887)
Purchase of intangible assets	(22,055)	(13,831)
Purchase of investment securities	(7,622,268)	(3,031,897)
Payments of loans receivable	-	(650)
Collection of loans receivable	2,211	6,574
Purchase of investment property	(18,500)	-
Proceeds from sales of shares of subsidiaries	17,221,188	2,819,602
Net cash used in investing activities	8,971,323	4,276,909
Cash flows from financing activities		
Purchase of treasury shares	(2,545)	(2,261)
Cash dividends paid	(2,450,250)	(2,450,337)
Dividends paid to non-controlling interests	(9,705)	(19,266)
Others	(14,218)	(11,445)
Net cash used in financing activities	(2,476,719)	(2,483,311)
Effect of exchange rate change on cash and cash equivalents	(110,068)	163,734
Net increase (decrease) in cash and cash equivalents	8,361,549	12,972,856
Cash and cash equivalents at beginning of period	19,543,385	27,904,934
Cash and cash equivalents at end of period	*1 27,904,934	*1 40,877,790

(5) Notes on the Consolidated Financial Statements

(Notes on the Going Concern Assumption)

There is nothing to report.

(Basic Important Matters to Prepare the Consolidated Financial Statements)

1. Matters relating to the scope of consolidation

(1) Consolidated subsidiary companies: 7

Name of the major consolidated subsidiaries

A.C.C. Co., Ltd.

Qingdao Ariake Foodstuff Co., Ltd.

Taiwan Ariake Foods Co., Ltd.

F. P. Natural Ingredients S.A.S.

Ariake Europe N.V.

Henningsen Nederland B.V.

PT. Ariake Europe Indonesia

(2) Name of the major non-consolidated subsidiary:

Major non-consolidated subsidiaries

Ariake Farm Co., Ltd.

(Reason to exclude from the scope of consolidation)

The non-consolidated subsidiary Ariake Farm Co., Ltd. is a small company, and its total assets, net sales, net income or loss (corresponding to equity) and retained earnings (corresponding to equity) did not have a significant influence on the Consolidated Financial Statements.

2. Matters relating to subsidiaries and affiliates adopting the equity method

(1) Number and names of companies adopting equity method

Non-consolidated subsidiaries: None

Affiliated companies: None

(2) Non-consolidated subsidiaries that are not using the equity method:

Considering the net income or loss (corresponding to equity) and retained earnings (corresponding to equity), Ariake Farm Co., Ltd. had an insignificant influence on the Consolidated Financial Statements. Since it was not financially important overall, it was excluded from the scope of application of the equity method.

3. Matters relating to business year of consolidated subsidiaries

The closing day of Qingdao Ariake Foodstuff Co., Ltd., Taiwan Ariake Foods Co., Ltd., F. P. Natural Ingredients S.A.S., Ariake Europe N.V., Henningsen Nederland B.V. and PT. Ariake Europe Indonesia is December 31. Although the Company adopted all the subsidiaries' financial statements as of December 31 to prepare for the Consolidated Financial Statements, any significant transactions accrued in the period from that date to the consolidated book closing day were adjusted according to consolidation requirements.

4. Matters relating to accounting policies

(1) Valuation standards and methods for important assets

(i) Securities

(a) Held-to-maturity securities

Amortized cost method (straight-line method)

(b) Other securities

1) Securities with market price

Mark-to-market method based on the market price as of the closing day of accounts (All the valuation differences were incorporated directly into the net assets and costs for sale were computed with the moving average method.)

2) Securities without market price

Cost method under the moving average method

- (ii) Derivatives
 - Mark-to-market method

- (iii) Major inventories

- (a) Merchandise
 - Mainly, identified cost method
- (b) Products
 - Mainly, identified cost method
- (c) Raw materials
 - Mainly, cost method under the moving average method
- (d) Work in process
 - Mainly, identified cost method
- (e) Supplies
 - Last cost method

(Amounts on the balance sheets were calculated by the method of writing down the book value in accordance with a decline in profitability.)

- (2) Depreciation method for important depreciable assets

- (i) Property, plant and equipment (except for leased assets)

- (a) Domestic companies: Declining balance method

However, a straight-line method was used for buildings (except attached equipment) acquired or put into business use after April 1, 1998, and attached equipment to buildings and structures acquired on or later than April 1, 2016.

Small-amount depreciable assets of which the acquisition price was ¥100,000 or more and less than ¥200,000 were and will be depreciated evenly over 3 years.

Useful lives of major assets were as follows:

Buildings and structures: 7 to 50 years

Machines, devices and delivery equipment: 2 to 10 years

- (b) Overseas subsidiaries: Straight-line method based on the estimated useful life

- (ii) Intangible assets (except for leased assets): Straight-line method

Software for internal use is amortized over its estimated useful life of 5 years, using the straight-line method.

- (iii) Leased assets

Finance leased assets that do not transfer ownership are depreciated using the straight-line method over the period of the lease with zero residual value.

- (iv) Real estate for investment: Declining balance method

- (3) Standards for significant allowances

- (i) Allowance for doubtful accounts

To prepare against losses from bad debts, the amount estimated based on the actual loss ratio was reserved for ordinary receivables, and the amount of possible losses is included in the reserve considering the collectability of individual doubtful accounts.

- (ii) Provision for employees' bonuses

Except for some subsidiaries, the Company has reserved and recorded the estimated amount of the bonuses to prepare for payment to employees.

- (iii) Provision for directors' bonuses

The Company has reserved and recorded as the current fiscal year's Company's contribution a part of the estimated amount of directors' bonuses to prepare for payment to directors.

- (iv) Provision for directors' retirement benefits

To prepare for payment of directors' retirement benefits, the Company has reserved and recorded the required amounts as of the end of the term based on the internal regulations regarding directors' retirement benefits.

- (4) Accounting method for retirement benefits

- (i) Period corresponding method for the projected retirement benefits

For the calculation of the retirement benefit obligations, the benefit formula standard is applied as a period corresponding method to determine projected retirement benefits up to the current consolidated fiscal year.

(ii) Accounting method for actuarial gains and losses and prior service costs

Prior service costs are treated as expenses and amortized, using the straight-line method based on a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of accrual.

Actuarial gains and losses are treated as expenses, and amortized from the following fiscal year in which the gain or loss is recognized using the straight-line method over a certain period (mainly 5 years) within the average remaining years of service of the employees.

(iii) Application of the simplified method for small companies, etc.

The Company uses the simplified method for the calculation of projected retirement benefit obligations and expenses, which assumes the Company's retirement benefit obligations to be equal to the benefits payable for the voluntary retirement at fiscal year-end, for its junior employees.

(5) Standards for converting significant foreign currency denominated assets and liabilities into Japanese yen

Receivables and payables denominated in foreign currencies were converted to Japanese yen using the spot exchange rate for the closing day of the consolidated period, and differences were recorded as gains or losses.

The assets and liabilities, as well as income and expenses, of foreign subsidiaries were converted to Japanese yen using the spot exchange rate for the closing day of the consolidated period and differences were included in the adjustment account for foreign currency exchange or non-controlling interests under net assets.

(6) Amortization method and period for goodwill

A straight-line method is adopted to amortize goodwill for a period of 10 years.

(7) Scope of cash in the Consolidated Statements of Cash Flows

Cash (cash and cash equivalents) in the Consolidated Statements of Cash Flows consist of cash on hand, deposits withdrawable at any time and short-term investments convertible easily into cash and repayable within 3 months after acquisition, with little risk for price fluctuation.

(8) Other important matters to prepare the Consolidated Financial Statements

Accounting of the consumption tax

The Company applied the tax-exclusion accounting method.

(Consolidated Balance Sheets)

*1. Items accounted in non-consolidated subsidiaries and affiliated companies are as follows:

	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
	(Thousands of yen)	(Thousands of yen)
Investment securities (stocks)	1,500	1,500

*2. Accumulated depreciation of investments in real estates

	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
	(Thousands of yen)	(Thousands of yen)
Accumulated depreciation of investments in real estates	205,433	210,363

3. Contingent liabilities

Guarantee of liabilities was applied to the following obligations by non-consolidated companies.

	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
	(Thousands of yen)	(Thousands of yen)
Ariake Farm Co., Ltd.		
Indebtedness to financial institutions	14,440	–
Guarantee of liabilities related to overdraft facility	150,000	150,000

(Consolidated Statements of Income)

*1. Ending inventories were calculated by writing down the book value in accordance with a decline in profitability and the following loss on valuation of inventories was included in cost of sales.

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
	(Thousands of yen)	(Thousands of yen)
	67,012	(11,135)

*2. Major items and amounts under selling, general and administrative expenses are as follows:

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
	(Thousands of yen)	(Thousands of yen)
Salary and bonuses	1,133,678	1,063,789
Packing and transportation expenses	3,189,943	3,004,461
Depreciation	72,082	77,186
Provision for bonuses	65,483	53,040
Provision for directors' bonuses	78,400	69,700
Retirement benefit expenses	56,561	51,516
Provision for directors' retirement benefits	9,025	9,625

*3. The total amount of research and development expenses included in general and administrative expenses and manufacturing cost of the current term is as follows:

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
	(Thousands of yen)	(Thousands of yen)
General and administrative expenses	402,967	412,579
Manufacturing cost of the current term	19,044	17,432

(Consolidated Statements of Comprehensive Income)

* Other comprehensive income reclassification adjustments and tax effects

(Thousands of yen)

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Valuation difference on available-for-sale securities:		
Accrued amount during the period	(1,940,941)	532,189
Reclassification adjustments	–	–
Before tax effect adjustment	(1,940,941)	532,189
Tax effects	580,729	(159,231)
Valuation difference on available-for-sale securities	(1,360,211)	372,958
Foreign currency translation adjustment:		
Accrued amount during the period	(121,720)	93,484
Reclassification adjustments	–	–
Before tax effect adjustment	(121,720)	93,484
Tax effects	–	–
Foreign currency translation adjustment	(121,720)	93,484
Remeasurements of defined benefit plans:		
Amount recognized during the current fiscal year	(54,197)	47,129
Reclassification adjustments	51,457	44,678
Before tax effect adjustment	(2,740)	91,807
Tax effects	819	(27,468)
Remeasurements of defined benefit plans	(1,920)	64,338
Total other comprehensive income	(1,483,852)	530,781

(Consolidated Statements of Changes in Equity)

FY2020 (from April 1, 2019 to March 31, 2020)

1. Items regarding the type and number of shares outstanding and the type and number of treasury shares

(Thousands of shares)

	Number of shares as of April 1, 2018	Increased number of shares (April 1, 2018 to March 31, 2019)	Decreased number of shares (April 1, 2018 to March 31, 2019)	Number of shares as of March 31, 2019
Outstanding shares				
Common stock	32,808	–	–	32,808
Total	32,808	–	–	32,808
Treasury shares				
Common stock ^(Note)	987	0	–	987
Total	987	0	–	987

Note: The increase in common stock in treasury was due to the acquisition of shares of less than one unit.

2. Matters regarding subscription rights to shares and treasury subscription rights to shares

There is nothing to report.

3. Items regarding dividends

(1) Amount of dividends paid

Resolution	Type of stock	Total amount of dividends (thousand yen)	Dividends per share (yen)	Record date	Effective date
June 21, 2019 Annual meeting of shareholders	Common stock	1,813,805	57.00	March 31, 2019	June 24, 2019
November 8, 2019 Board of Directors Meeting	Common stock	636,417	20.0	September 30, 2019	December 3, 2019

(2) Dividends for which the record date fell in current consolidated fiscal year and the effective date fell in the following year

Resolution	Type of stock	Total amount of dividends (thousand yen)	Fiscal resources of dividends	Dividends per share (yen)	Record date	Effective date
June 19, 2020 Annual meeting of shareholders	Common stock	1,813,787	Retained earnings	57.0	March 31, 2020	June 22, 2020

FY2021 (from April 1, 2020 to March 31, 2021)

1. Items regarding the type and number of shares outstanding and the type and number of treasury shares

(Thousands of shares)

	Number of shares as of April 1, 2019	Increased number of shares (April 1, 2019 to March 31, 2020)	Decreased number of shares (April 1, 2019 to March 31, 2020)	Number of shares as of March 31, 2020
Outstanding shares				
Common stock	32,808	–	–	32,808
Total	32,808	–	–	32,808
Treasury shares				
Common stock ^(Note)	987	0	–	988
Total	987	0	–	988

Note: The increase in common stock in treasury was due to the acquisition of shares of less than one unit.

2. Matters regarding subscription rights to shares and treasury subscription rights to shares

There is nothing to report.

3. Items regarding dividends

(1) Amount of dividends paid

Resolution	Type of stock	Total amount of dividends (thousand yen)	Dividends per share (yen)	Record date	Effective date
June 19, 2020 Annual meeting of shareholders	Common stock	1,813,787	57.0	March 31, 2020	June 22, 2020
November 11, 2020 Board of Directors Meeting	Common stock	636,414	20.0	September 30, 2020	December 2, 2020

(2) Dividends for which the record date fell in current consolidated fiscal year and the effective date will fall in the following year

Resolution	Type of stock	Total amount of dividends (thousand yen)	Fiscal resources of dividends	Dividends per share (yen)	Record date	Effective date
June 18, 2021 Annual meeting of shareholders	Common stock	1,813,768	Retained earnings	57.0	March 31, 2021	June 21, 2021

(Consolidated Statements of Cash Flows)

*1. Relation between the ending balance of cash and cash equivalents and the accounts on the Consolidated Balance Sheets

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
	(Thousands of yen)	(Thousands of yen)
Cash and deposits	41,904,934	54,877,790
Time deposits with maturities longer than 3 months	(14,000,000)	(14,000,000)
Cash and cash equivalents	27,904,934	40,877,790

(Securities)

1. Held-to-maturity securities

FY2020 (as of March 31, 2020)

(Thousands of yen)

	Type	Carrying amount on the Consolidated Balance Sheets	Fair value	Difference
Securities whose fair value exceed their carrying amount on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	4,500,000	4,509,120	9,120
	Subtotal	4,500,000	4,509,120	9,120
Securities whose fair value do not exceed their carrying amount on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	5,500,000	5,441,460	(58,540)
	Subtotal	5,500,000	5,441,460	(58,540)
Total		10,000,000	9,950,580	(49,420)

FY2021 (as of March 31, 2021)

(Thousands of yen)

	Type	Carrying amount on the Consolidated Balance Sheets	Fair value	Difference
Securities whose fair value exceed their carrying amount on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	3,500,000	3,502,000	2,000
	Subtotal	3,500,000	3,502,000	2,000
Securities whose fair value do not exceed their carrying amount on the Consolidated Balance Sheets	(1) Government and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Others	3,500,000	3,446,700	(53,300)
	Subtotal	3,500,000	3,446,700	(53,300)
Total		7,000,000	6,948,700	(51,300)

2. Other securities

FY2020 (as of March 31, 2020)

(Thousands of yen)

	Type	Carrying amount on the Consolidated Balance Sheets	Acquisition costs	Difference
Securities whose carrying amount on the Consolidated Balance Sheets exceed acquisition costs	(1) Stocks	8,318,557	2,620,794	5,697,762
	(2) Bonds			
	1) Government and municipal bonds, etc.	–	–	–
	2) Corporate bonds	–	–	–
	3) Others	–	–	–
	(3) Others	–	–	–
	Subtotal	8,318,557	2,620,794	5,697,762
Securities whose carrying amount on the Consolidated Balance Sheets do not exceed acquisition costs	(1) Stocks	450,022	546,754	(96,731)
	(2) Bonds			
	1) Government and municipal bonds etc.	–	–	–
	2) Corporate bonds	–	–	–
	3) Others	–	–	–
	(3) Others	–	–	–
	Subtotal	450,022	546,754	(96,731)
Total		8,768,579	3,167,548	5,601,031

Note: Unlisted equity securities (with a carrying amount of ¥125,915 thousand recorded on the Consolidated Balance Sheets) are not included in the above "Other securities," since there is no quoted market price and it is very difficult to determine their fair values.

FY2021 (as of March 31, 2021)

(Thousands of yen)

	Type	Carrying amount on the Consolidated Balance Sheets	Acquisition costs	Difference
Securities whose carrying amount on the Consolidated Balance Sheets exceed acquisition costs	(1) Stocks	8,895,017	2,676,369	6,218,648
	(2) Bonds			
	1) Government and municipal bonds, etc.	–	–	–
	2) Corporate bonds	–	–	–
	3) Others	–	–	–
	(3) Others	–	–	–
	Subtotal	8,895,017	2,676,369	6,218,648
Securities whose carrying amount on the Consolidated Balance Sheets do not exceed acquisition costs	(1) Stocks	412,648	498,076	(85,427)
	(2) Bonds			
	1) Government and municipal bonds etc.	–	–	–
	2) Corporate bonds	–	–	–
	3) Others	–	–	–
	(3) Others	–	–	–
	Subtotal	412,648	498,076	(85,427)
Total		9,307,666	3,174,445	6,133,221

Note: Unlisted equity securities (with a carrying amount of ¥43,720 thousand recorded on the Consolidated Balance Sheets) are not included in the above "Other securities," since there is no quoted market price and it is very difficult to determine their fair values.

3. Other securities sold

FY2020 (April 1, 2019–March 31, 2020)

There is nothing to report.

FY2021 (April 1, 2020–March 31, 2021)

There is nothing to report.

(Derivative Transactions)

There is nothing to report.

(Retirement Benefits)

1. Outline of the retirement benefits system employed by the Company

The Company has a retirement lump-sum payment plan and a defined-benefit corporate pension plan in place for its regular employees and a retirement lump-sum payment plan for its junior employees. Some consolidated subsidiaries adopt defined contribution pension plans.

For the retirement lump-sum payment plan for junior employees, retirement benefit obligations and retirement benefit expenses are calculated using the simplified method.

2. Defined benefits system

(1) Reconciliation table for beginning and ending balances of retirement benefits obligations

	(Thousands of yen)	
	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Beginning balance of retirement benefits obligations	2,229,889	2,411,873
Employment expenses	149,314	171,886
Interest expenses	15,878	17,199
Amortization of net actuarial gains or losses	45,379	(61,241)
Payment of retirement benefits	(28,587)	(154,685)
Ending balance of retirement benefits obligations	2,411,873	2,385,032

(2) Reconciliation table for beginning and ending balances of pension assets

	(Thousands of yen)	
	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Beginning balance of pension assets	1,020,873	1,085,783
Expected return on plan assets	15,313	16,286
Amortization of net actuarial gains or losses	(8,817)	(14,111)
Employer's contribution	78,788	82,159
Payment of retirement benefits	(20,374)	(92,740)
Ending balance of pension assets	1,085,783	1,077,377

(3) Reconciliation table for beginning and ending balances of retirement benefit obligations calculated using the simplified method

	(Thousands of yen)	
	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Beginning balance of retirement benefit obligations	25,734	27,305
Retirement benefit expenses	13,114	9,466
Retirement benefits paid	(11,542)	(12,460)
Ending balance of retirement benefit obligations	27,305	24,311

(4) Reconciliation table for ending balance of retirement benefits obligations and pension assets, and liabilities concerning retirement benefits and assets concerning retirement benefits posted on the Consolidated Balance Sheets

	(Thousands of yen)	
	FY2020 (as of March 31, 2020)	FY2021 (as of March 31, 2021)
Retirement benefits obligations on the funded scheme	1,522,213	1,504,726
Pension assets	(1,085,783)	(1,077,377)
	436,429	427,348
Retirement benefits obligations on the non-funded scheme	916,965	904,617
Net amount of liabilities and assets reported in the Consolidated Balance Sheets	1,353,395	1,331,966
Liabilities concerning retirement benefits	1,353,395	1,331,966
Net amount of liabilities and assets reported in the Consolidated Balance Sheets	1,353,395	1,331,966

Note: Plans to which the simplified method has been applied are included.

(5) Amounts of retirement benefits expenses and their components

	(Thousands of yen)	
	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Employment expenses	149,314	171,886
Interest expenses	15,878	17,199
Expected return on plan assets	(15,313)	(16,286)
Amortization of net actuarial gains or losses	51,457	44,678
Retirement benefit expenses calculated by the simplified method	13,114	9,466
Retirement benefits expenses concerning defined benefit system	214,450	226,943

(6) Accumulated adjustments concerning retirement benefits

The breakdown of items (before income taxes) posted on the accumulated adjustments concerning retirement benefits are as follows:

	(Thousands of yen)	
	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Prior service costs	-	-
Actuarial gains and losses	(2,740)	91,807
Total	(2,740)	91,807

(7) Accumulated adjustments concerning retirement benefits

The breakdown of items (before income taxes) posted on the accumulated adjustments concerning retirement benefits are as follows:

	(Thousands of yen)	
	FY2020 (as of March 31, 2020)	FY2021 (as of March 31, 2021)
Unrecognized prior service costs	-	-
Unrecognized actuarial gains and losses	(97,567)	(5,759)
Total	(97,567)	(5,759)

(8) Matters relating to pension assets

1) Principal components of pension assets

The proportion of principal categories concerning the total pension assets is as follows:

	FY2020 (as of March 31, 2020)	FY2021 (as of March 31, 2021)
Bonds	– %	– %
Stocks	–	–
Cash and deposits	–	–
Others	100	100
Total	100	100

2) Configuration method of long-term expected rate of return

In determining long-term expected rate of return on pension assets, allocation of current and projected pension assets and present and future long-term rate of return on a variety of assets comprising pension assets are considered.

(9) Matters relating to the basis of the actuarial calculation

The basis of the principal actuarial calculation (calculated using the weighted average).

	FY2020 (as of March 31, 2020)	FY2021 (as of March 31, 2021)
Discount rate	0.6 to 0.9%	0.6 to 0.9%
Long-term expected rate of return	1.5%	1.5%
Expected rate of salary increases	2.0%	2.0%

3. Defined contribution plans

The amount contributed to defined contribution plans of the consolidated subsidiaries was ¥11,194 thousand for the previous consolidated fiscal year and ¥12,424 thousand for the current consolidated fiscal year.

(Segment Information, etc.)

[Segment information]

1. Overview of reportable segments

In accordance with aggregation criteria for reportable segments, the Company's businesses are aggregated into the segment "manufacturing and sales of natural seasoning." Therefore, the Ariake Group has only one reportable segment of the natural seasonings business.

2. Method of calculations of sales, income (loss), assets, liabilities, and other items by reportable segment

The Ariake Group has only one reportable segment of the natural seasonings business, so information is omitted.

3. Information on sales, income (loss), assets, liabilities, and other items by reportable segment

The Ariake Group has only one reportable segment of the natural seasonings business, so information is omitted.

4. Difference between total amount of reportable segment and amount recorded on consolidated financial statements and its details about the difference (matters relating to difference adjustment)

The Ariake Group has only one reportable segment of the natural seasonings business, so information is omitted.

[Related information]

FY2020 (from April 1, 2019 to March 31, 2020)

1. Information by product and service

Information by product and service is omitted because external sales by products and services account for more than 90% of total net sales stated at the Consolidated Statements of Income.

2. Information by geographic segment

(1) Sales

(Thousands of yen)

Japan	Europe	Asia	Total
41,672,974	3,673,426	6,983,217	52,329,618

(2) Property, plant and equipment

(Thousands of yen)

Japan	Europe	Asia	Total
11,000,915	4,190,239	4,388,509	19,579,664

3. Information by major client

(Thousands of yen)

Name	Sales	Segment name
Vendor Services Co., Ltd.	7,883,714	Natural seasonings business

FY2021 (from April 1, 2020 to March 31, 2021)

1. Information by product and service

Information by product and service is omitted because external sales by products and services account for more than 90% of total net sales stated at the Consolidated Statements of Income.

2. Information by geographic segment

(1) Sales

(Thousands of yen)

Japan	Europe	Asia	Total
38,796,385	4,089,432	6,798,684	49,684,501

(2) Property, plant and equipment

(Thousands of yen)

Japan	Europe	Asia	Total
11,330,030	4,622,741	4,102,774	20,055,546

3. Information by major client

(Thousands of yen)

Name	Sales	Segment name
Vendor Services Co., Ltd.	7,418,386	Natural seasonings business

[Information on impairment loss of non-current assets by reportable segment]

FY2020 (from April 1, 2019 to March 31, 2020)

There is nothing to report.

FY2021 (from April 1, 2020 to March 31, 2021)

There is nothing to report.

[Information on amortization and unamortization of goodwill by reportable segment]

FY2020 (from April 1, 2019 to March 31, 2020)

The Ariake Group has only one reportable segment of the natural seasonings business, so information is omitted.

FY2021 (from April 1, 2020 to March 31, 2021)

The Ariake Group has only one reportable segment of the natural seasonings business, so information is omitted.

[Information on accrual profit of negative goodwill by reportable segment]

FY2020 (from April 1, 2019 to March 31, 2020)

There is nothing to report.

FY2021 (from April 1, 2020 to March 31, 2021)

There is nothing to report.

(Information on the Related Parties)

Transaction with related parties

(1) Transaction between the Company and related parties

a) Non-consolidated subsidiaries and affiliated companies, etc. of the Company

FY2020 (from April 1, 2019 to March 31, 2020)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Subsidiary	Ariake Farm Co., Ltd.	Sasebo City, Nagasaki	15,100	Farming	9.9 (Direct) 89.4 (Indirect)	Purchase of raw materials	Purchase of raw materials	747,099	Accounts payable - trade Advance payments - trade	75,462 140,000
							Guarantee of liabilities	164,440	-	-

- Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.
2. The same terms and conditions as those for general clients are applied.
3. The Company has provided guarantees to Ariake Farm Co., Ltd. for its borrowings from financial institutions. The Company has not received guarantee fees from this subsidiary.

FY2021 (from April 1, 2020 to March 31, 2021)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Subsidiary	Ariake Farm Co., Ltd.	Sasebo City, Nagasaki	15,100	Farming	9.9 (Direct) 89.4 (Indirect)	Purchase of raw materials	Purchase of raw materials	689,032	Accounts payable - trade Advance payments - trade	80,683 160,000
							Guarantee of liabilities	150,000	-	-

- Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.
2. The same terms and conditions as those for general clients are applied.
3. The Company has provided guarantees to Ariake Farm Co., Ltd. for its borrowings from financial institutions. The Company has not received guarantee fees from this subsidiary.

b) Directors, major shareholders, etc. of the Company

FY2020 (from April 1, 2019 to March 31, 2020)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Companies in which directors or close relatives hold more than 50% of voting rights (including company subsidiaries)	Hill Top Food System Co., Ltd.	Fukuoka City, Fukuoka	30,000	Operation of restaurants	None	Sales of merchandise Leasing of facilities	Sales of merchandise	119,283	Accounts receivable - trade	22,632
							Receiving of facility usage fees	1,200	Advances received	110

- Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.
2. The same terms and conditions as those for general clients are applied.

FY2021 (from April 1, 2020 to March 31, 2021)

Position	Name	Address	Capital or investment (thousand yen)	Type of business or job role	Voting rights (Company stake) (%)	Relationship with related parties	Nature of business transaction	Transaction value (thousand yen)	Item	Ending balance of debts and credits (thousand yen)
Companies in which directors or close relatives hold more than 50% of voting rights (including company subsidiaries)	Hill Top Food System Co., Ltd.	Fukuoka City, Fukuoka	30,000	Operation of restaurants	None	Sales of merchandise Leasing of facilities	Sales of merchandise	96,336	Accounts receivable - trade	16,043
							—	—	Advances received	110

Notes: 1. With regard to the amounts above, the ending balances of debts and credits include consumption taxes while the transaction values do not include them.

2. The same terms and conditions as those for general clients are applied.

(2) Transactions between consolidated subsidiaries of the Company and related parties

a) Directors and major shareholders of the Company

FY2020 (from April 1, 2019 to March 31, 2020)

There is nothing to report.

FY2021 (from April 1, 2020 to March 31, 2021)

There is nothing to report.

(Per Share Information)

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Net assets per share	2,917.83	3,086.18
Net income per share	263.21	228.70

(Yen)

Notes: 1. Diluted net income per share is not reported because these are not residual securities.

2. Basis for calculation of net income per share is as follows:

(Thousands of yen)

	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Net income attributable to shareholders of the parent company	8,375,660	7,277,314
Amount not attributed to common shareholders	—	—
Net income attributable to shareholders of the parent company with regard to common shares	8,375,660	7,277,314
Average number of issued shares during the fiscal years (thousand shares)	31,820	31,820

(Important Subsequent Events)

There is nothing to report.

4. Non-consolidated Financial Statements and Major Notes

(1) Non-consolidated Balance Sheets

	(Thousands of yen)	
	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	34,132,754	45,490,935
Notes receivable - trade	257,670	251,309
Accounts receivable - trade	6,910,181	7,338,301
Securities	6,000,000	5,500,000
Merchandise and finished goods	2,775,777	2,353,985
Work in process	614,609	774,240
Raw materials and supplies	2,436,591	2,822,762
Advance payments - trade	430,782	541,476
Prepaid expenses	77,624	72,760
Short-term loans receivable from subsidiaries and associates	278,910	302,823
Accounts receivable - other	3,005,594	2,539
Others	1,682,174	175,211
Allowance for doubtful accounts	(1,082)	(1,082)
Total current assets	58,601,588	65,625,262
Non-current assets		
Property, plant and equipment		
Buildings	4,339,414	4,648,569
Structures	192,065	187,179
Machinery and equipment	2,069,530	2,258,608
Vessels	314	232
Vehicles	38,155	30,373
Tools, furniture and fixtures	116,262	121,753
Land	4,046,825	4,046,825
Leased assets	12,596	3,134
Construction in progress	184,897	32,741
Total property, plant and equipment	11,000,061	11,329,419
Intangible assets		
Software	41,310	41,347
Telephone subscription rights	7,139	7,139
Total intangible assets	48,450	48,486
Investments and other assets		
Investment securities	12,894,494	10,851,386
Shares of subsidiaries and associates	12,051,326	12,051,326
Investments in capital of subsidiaries and associates	691,477	691,477
Long-term loans receivable from employees	12,748	6,793
Long-term loans receivable from subsidiaries and associates	1,599,569	1,490,975
Long-term prepaid expenses	98,852	72,239
Real estate for investment	571,863	566,932
Insurance funds	228,733	239,664
Others	38,179	38,052
Allowance for doubtful accounts	(129)	(129)
Total investments and other assets	28,187,118	26,008,720
Total non-current assets	39,235,630	37,386,626
Total assets	97,837,218	103,011,889

(Thousands of yen)

	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
Liabilities		
Current liabilities		
Notes payable - trade	1,352,674	1,211,670
Accounts payable - trade	2,433,252	2,364,217
Lease obligations	10,218	3,105
Accounts payable - other	988,079	1,038,201
Accrued expenses	223,130	217,709
Income taxes payable	—	1,561,068
Accrued consumption taxes	148,504	—
Deposits received	55,054	56,242
Provision for bonuses	255,130	239,270
Provision for directors' bonuses	78,400	69,700
Others	89,037	433,646
Total current liabilities	5,633,481	7,194,831
Non-current liabilities		
Lease obligations	3,385	280
Deferred tax liabilities	1,142,335	1,180,956
Provision for retirement benefits	1,254,834	1,324,365
Provision for directors' retirement benefits	145,821	155,446
Total non-current liabilities	2,546,377	2,661,048
Total liabilities	8,179,858	9,855,879
Net assets		
Shareholders' equity		
Capital stock	7,095,096	7,095,096
Capital surplus		
Legal capital surplus	7,833,869	7,833,869
Total capital surplus	7,833,869	7,833,869
Retained earnings		
Legal retained earnings	441,000	441,000
Other retained earnings		
Reserve for special depreciation	43,517	67,968
General reserve	7,820,000	7,820,000
Retained earnings brought forward	64,597,080	67,700,581
Total retained earnings	72,901,598	76,029,550
Treasury shares	(2,098,406)	(2,100,667)
Total shareholders' equity	85,732,157	88,857,847
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,925,202	4,298,161
Total valuation and translation adjustments	3,925,202	4,298,161
Total net assets	89,657,360	93,156,009
Total liabilities and net assets	97,837,218	103,011,889

(2) Non-consolidated Statements of Income

	(Thousands of yen)	
	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Net sales		
Net sales of finished goods	40,076,510	37,434,746
Net sales of goods	1,295,078	1,128,890
Total net sales	41,371,588	38,563,637
Cost of sales	26,267,403	25,440,497
Gross profit	15,104,185	13,123,139
Selling, general and administrative expenses	6,105,916	5,715,890
Operating income	8,998,268	7,407,248
Non-operating income		
Interest income	22,329	24,927
Dividend income	316,074	396,897
Interest on securities	30,193	20,677
House rent income	41,960	40,428
Foreign exchange gains	–	167,443
Others	69,841	75,895
Total non-operating income	480,398	726,270
Non-operating expenses		
Cost of lease revenue	13,843	12,885
Foreign exchange losses	223,390	–
Loss on retirement of non-current assets	4,234	2,757
Others	4,042	1,139
Total non-operating expenses	245,510	16,781
Ordinary income	9,233,157	8,116,737
Extraordinary income		
Gain on sales of shares of subsidiaries	222,836	–
Total extraordinary income	222,836	–
Extraordinary losses		
Loss on valuation of investment securities	–	107,194
Total extraordinary losses	–	107,194
Income before income taxes	9,455,993	8,009,542
Income taxes - current	2,453,000	2,552,000
Income taxes - deferred	369,901	(120,610)
Total income taxes	2,822,901	2,431,389
Net income	6,633,092	5,578,153

[Breakdown of the Product Cost of Manufacture]

(Thousands of yen)

Account	Notes	FY2020 (from April 1, 2019 to March 31, 2020)		FY2021 (from April 1, 2020 to March 31, 2021)	
		Amount	Ratio (%)	Amount	Ratio (%)
I. Material costs		15,824,741	61.9	14,963,774	61.5
II. Labor costs		3,488,834	13.6	3,502,426	14.4
III. Expenses	*1	6,274,704	24.5	5,869,022	24.1
Total manufacturing cost of the current term		25,588,280	100.0	24,335,223	100.0
Work in process inventory at beginning of term		608,218		614,609	
Total		26,196,499		24,949,833	
Subtract: Work in process inventory at end of term		614,609		774,240	
Subtract: Transfers to other accounts	*2	65,592		59,213	
Product cost of manufacture of the current term		25,516,297		24,116,379	

Cost accounting method

Separate cost accounting per individual lots based on actual cost

Notes

*1. Details are as follows:

(Thousands of yen)

Item	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Depreciation expenses	859,763	830,811
Subcontract processing expenses	124,832	162,498

*2. Details of transfers to other accounts are as follows:

(Thousands of yen)

Item	FY2020 (from April 1, 2019 to March 31, 2020)	FY2021 (from April 1, 2020 to March 31, 2021)
Advertising expenses	53,448	47,469
Research and development expenses	12,143	11,743
Total	65,592	59,213

(3) Non-consolidated Statements of Changes in Equity

FY2020 (from April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
				Reserve for special depreciation	General reserve	Retained earnings brought forward		
Balance at beginning of current period	7,095,096	7,833,869	7,833,869	441,000	64,256	7,820,000	60,393,472	68,718,729
Changes of items during period								
Provision of reserve for special depreciation								–
Reversal of reserve for special depreciation					(20,738)		20,738	–
Dividends of surplus							(2,450,223)	(2,450,223)
Net income							6,633,092	6,633,092
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	–	–	–	–	(20,738)	–	4,203,607	4,182,868
Balance at end of current period	7,095,096	7,833,869	7,833,869	441,000	43,517	7,820,000	64,597,080	72,901,598

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(2,095,860)	81,551,834	5,285,414	5,285,414	86,837,248
Changes of items during period					
Provision of reserve for special depreciation		–			–
Reversal of reserve for special depreciation		–			–
Dividends of surplus		(2,450,223)			(2,450,223)
Net income		6,633,092			6,633,092
Purchase of treasury shares	(2,545)	(2,545)			(2,545)
Net changes of items other than shareholders' equity			(1,360,211)	(1,360,211)	(1,360,211)
Total changes of items during period	(2,545)	4,180,323	(1,360,211)	(1,360,211)	2,820,111
Balance at end of current period	(2,098,406)	85,732,157	3,925,202	3,925,202	89,657,360

FY2021 (from April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
				Reserve for special depreciation	General reserve	Retained earnings brought forward		
Balance at beginning of current period	7,095,096	7,833,869	7,833,869	441,000	43,517	7,820,000	64,597,080	72,901,598
Changes of items during period								
Provision of reserve for special depreciation					40,416		(40,416)	-
Reversal of reserve for special depreciation					(15,965)		15,965	-
Dividends of surplus							(2,450,201)	(2,450,201)
Net income							5,578,153	5,578,153
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	24,450	-	3,103,501	3,127,952
Balance at end of current period	7,095,096	7,833,869	7,833,869	441,000	67,968	7,820,000	67,700,581	76,029,550

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(2,098,406)	85,732,157	3,925,202	3,925,202	89,657,360
Changes of items during period					
Provision of reserve for special depreciation		-			-
Reversal of reserve for special depreciation		-			-
Dividends of surplus		(2,450,201)			(2,450,201)
Net income		5,578,153			5,578,153
Purchase of treasury shares	(2,261)	(2,261)			(2,261)
Net changes of items other than shareholders' equity			372,958	372,958	372,958
Total changes of items during period	(2,261)	3,125,690	372,958	372,958	3,498,649
Balance at end of current period	(2,100,667)	88,857,847	4,298,161	4,298,161	93,156,009

5. Other

(1) Change of Representative Director

- 1) Newly Appointed Representative Director, Naoki Shirakawa

- 2) Retiring Representative Director, Tomoki Tagawa

(2) Changes in Other Board Members

- 1) Retiring Director, Tomoki Tagawa
- 2) Retiring Director, Yoshikazu Uchida

(3) Date of Assuming Office and Retirement

April 1, 2021