

Consolidated Financial Results for the First Quarter of FY2025 Ending March 31, 2025 (J-GAAP)

August 9, 2024

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 Date to start of dividends distribution: –
 Supplementary materials prepared: Yes
 Results information meeting held: Yes

Figures shown are rounded down to the nearest million yen.

1. Consolidated Financial Results for the First Quarter of FY2025 Ending March 31, 2025 (April 1, 2024–June 30, 2024)

(1) Consolidated Financial Results (cumulative)

(Percentage figures represent 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	%
First quarter of FY2025	15,289	13.2	2,217	13.3	2,912	2.4	1,814	(3.0)
First quarter of FY2024	13,502	3.1	1,956	(12.3)	2,843	12.4	1,870	17.3

(Note) Comprehensive income: First Quarter of FY2025: ¥3,512 million (8.7%) First Quarter of FY2024: ¥3,231 million (–7.9%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
First quarter of FY2025	56.99	–
First quarter of FY2024	58.73	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2024	136,400	120,899	87.8	3,759.89
As of March 31, 2024	136,597	120,279	87.2	3,741.92

(Reference) Equity capital: As of June 30, 2024: ¥119,747 million

As of March 31, 2024: ¥119,176 million

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2024	–	20.00	–	90.00	110.00
FY2025	–	–	–	–	–
FY2025 (forecast)	–	20.00	–	90.00	110.00

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

3. Forecast of the Consolidated Financial Results for the Year Ending March 31, 2025 (April 1, 2024–March 31, 2025)

(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	29,516	5.9	4,554	22.6	5,358	8.9	3,510	5.9	110.21
Full year	62,800	4.7	9,900	14.3	11,400	6.4	7,800	6.1	244.91

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

* Notes

(1) Significant Changes in the Scope of Consolidation during the Period under Review: 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.: | Yes |
| 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)	As of June 30, 2024	32,808,683 shares	As of March 31, 2024	32,808,683 shares
2) Number of treasury shares as of the period-end	As of June 30, 2024	959,937 shares	As of March 31, 2024	959,754 shares
3) Average number of shares (quarterly consolidated cumulative period)	First three months of FY2025	31,848,883 shares	First three months of FY2024	31,849,205 shares

* Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: None

* 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 three months of the fiscal year ending March 31, 2025 (April 1, 2024–June 30, 2024), the Japanese economy has been in a moderate recovery trend due to further easing of restrictions related to COVID-19. On the other hand, the economic outlook remains extremely uncertain as resource and raw material prices continue to soar, mainly due to the prolonged geopolitical risks associated with the situation in Russia and Ukraine and the impact of the strengthening trend of yen depreciation.

Under such circumstances, 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 first three months ended June 30, 2024 (April 1, 2024–June 30, 2024).

The Company's net sales increased by 7.2% (¥731 million) year on year, to ¥10,828 million.

In regard to net sales of consolidated subsidiaries, sales of subsidiaries increased by 31.0% year on year.

Therefore, consolidated net sales for the three months under review increased by 13.2% (¥1,786 million) year on year to ¥15,289 million.

The Company's operating income increased by 26.0% (¥312 million) year on year to ¥1,510 million due to an increase in operating income accompanying an increase in net sales.

Consolidated operating income increased by 13.3% (¥260 million) from the same period in the previous fiscal year to ¥2,217 million.

The Company's ordinary income increased by 4.1% (¥97 million) year on year to ¥2,478 million, mainly due to an increase in operating income and a decrease in gain on the valuation of derivatives.

Consolidated ordinary income increased by 2.4% (¥68 million) year on year to ¥2,912 million.

Quarterly net income for the Company increased by 4.3% (¥72 million) year on year to ¥1,735 million.

Quarterly consolidated net income attributable to shareholders of the parent company decreased by 3.0% (¥55 million) year on year to ¥1,814 million.

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

- Net sales

(Billions of yen)

		First three months of FY2025	First three months of FY2024	Difference
Ariake Japan Co., Ltd.		10.83	10.10	0.73
Consolidated subsidiaries total		4.46	3.40	1.06
Region	Asia	2.42	2.09	0.33
	Europe	1.96	1.24	0.72
	Japan	0.08	0.07	0.01
Total		15.29	13.50	1.79

- Operating income

(Billions of yen)

		First three months of FY2025	First three months of FY2024	Difference
Ariake Japan Co., Ltd.		1.51	1.20	0.31
Consolidated subsidiaries total		0.70	0.76	(0.06)
Region	Asia	0.58	0.49	0.09
	Europe	0.11	0.26	(0.15)
	Japan	0.01	0.01	0.00
Total		2.21	1.96	0.25

(2) Explanation regarding Financial Position

As of June 30, 2024, consolidated total assets were ¥136,400 million. This represents a decrease of ¥196 million compared to March 31, 2024.

Total liabilities decreased by ¥817 million to ¥15,500 million compared to March 31, 2024. Net assets were ¥120,899 million, which represents an increase of ¥620 million from March 31, 2024.

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

At this point, there has been no change to the forecasts of the consolidated financial results disclosed on May 10, 2024.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY2024 (As of March 31, 2024)	First Quarter of FY2025 (As of June 30, 2024)
Assets		
Current assets		
Cash and deposits	49,205,275	48,163,950
Notes and accounts receivable - trade	13,508,312	13,237,538
Securities	1,000,000	1,000,000
Merchandise and finished goods	5,460,840	5,506,176
Work in process	1,537,028	1,518,968
Raw materials and supplies	4,717,000	5,085,629
Accounts receivable - other	10,767	5,741
Others	723,403	772,790
Allowance for doubtful accounts	(1,178)	(1,180)
Total current assets	76,161,451	75,289,613
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,610,288	26,575,066
Accumulated depreciation	(16,136,490)	(16,498,480)
Buildings and structures, net	9,473,797	10,076,585
Machinery, equipment and vehicles	32,898,526	33,811,685
Accumulated depreciation	(24,653,995)	(25,199,692)
Machinery, equipment and vehicles, net	8,244,530	8,611,993
Land	4,745,190	4,773,655
Leased assets	111,069	111,820
Accumulated depreciation	(83,303)	(85,467)
Leased assets, net	27,766	26,353
Construction in progress	2,457,128	1,592,034
Others	1,584,422	1,616,725
Accumulated depreciation	(1,328,360)	(1,367,190)
Others, net	256,061	249,534
Total property, plant and equipment	25,204,476	25,330,156
Intangible assets		
Others	123,324	126,603
Total intangible assets	123,324	126,603
Investments and other assets		
Investment securities	*1 31,512,194	*1 32,050,127
Long-term loans receivable	225,103	235,103
Real estate for investment, net	147,739	147,667
Deferred tax assets	18,396	18,691
Others	3,316,712	3,314,727
Allowance for doubtful accounts	(112,129)	(112,129)
Total investments and other assets	35,108,017	35,654,187
Total non-current assets	60,435,817	61,110,947
Total assets	136,597,269	136,400,561

(Thousands of yen)

	FY2024 (As of March 31, 2024)	First Quarter of FY2025 (As of June 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,871,118	4,524,651
Electronically recorded obligations - operating	1,035,939	867,453
Lease obligations	8,232	7,901
Income taxes payable	1,852,621	1,145,270
Provision for bonuses	353,601	348,181
Provision for directors' bonuses	61,200	—
Others	2,432,808	2,623,711
Total current liabilities	10,615,521	9,517,169
Non-current liabilities		
Lease obligations	18,040	16,305
Deferred tax liabilities	4,186,387	4,448,372
Provision for directors' retirement benefits	111,960	114,404
Retirement benefit liability	1,182,629	1,199,995
Others	203,490	204,348
Total non-current liabilities	5,702,508	5,983,425
Total liabilities	16,318,030	15,500,595
Net assets		
Shareholders' equity		
Capital stock	7,095,096	7,095,096
Capital surplus	7,964,413	7,964,413
Retained earnings	93,038,141	91,986,665
Treasury shares	(2,043,824)	(2,044,793)
Total shareholders' equity	106,053,826	105,001,381
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,403,229	7,778,015
Foreign currency translation adjustment	5,548,467	6,805,775
Remeasurements of defined benefit plans	170,516	162,532
Total accumulated other comprehensive income	13,122,213	14,746,324
Non-controlling interests	1,103,198	1,152,260
Total net assets	120,279,238	120,899,966
Total liabilities and net assets	136,597,269	136,400,561

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

(Thousands of yen)

	First Quarter of FY2024 (April 1, 2023 to June 30, 2023)		First Quarter of FY2025 (April 1, 2024 to June 30, 2024)	
Net sales		13,502,973		15,289,278
Cost of sales	*1	9,623,835	*1	10,969,251
Gross profit		3,879,138		4,320,027
Selling, general and administrative expenses	*1	1,922,557	*1	2,102,792
Operating income		1,956,581		2,217,235
Non-operating income				
Interest income		71,253		162,698
Dividend income		101,862		105,121
House rent income		5,526		4,998
Foreign exchange gains		514,928		416,410
Gain on valuation of derivatives		170,360		—
Others		30,047		36,620
Total non-operating income		893,978		725,848
Non-operating expenses				
Interest expenses		—		51
Loss on valuation of derivatives		—		24,802
Loss on cancellation of insurance policies		1,518		—
Others		5,537		5,847
Total non-operating expenses		7,055		30,701
Ordinary income		2,843,504		2,912,382
Income before income taxes and minority interests		2,843,504		2,912,382
Income taxes		951,201		1,067,679
Quarterly net income		1,892,302		1,844,703
Quarterly net income attributable to non-controlling interests		21,805		29,775
Quarterly net income attributable to shareholders of the parent company		1,870,497		1,814,927

(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	First Quarter of FY2024 (from April 1, 2023 to June 30, 2023)	First Quarter of FY2025 (from April 1, 2024 to June 30, 2024)
Quarterly net income	1,892,302	1,844,703
Other comprehensive income		
Valuation difference on available-for-sale securities	874,539	374,785
Foreign currency translation adjustment	463,800	1,300,667
Remeasurements of defined benefit plans	822	(7,983)
Total other comprehensive income	1,339,162	1,667,469
Quarterly Comprehensive income	3,231,465	3,512,172
Quarterly Comprehensive income attributable to:		
Quarterly Comprehensive income attributable to shareholders of the parent company	3,191,585	3,439,038
Quarterly Comprehensive income attributable to non-controlling interests	39,879	73,134

(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.

(Notes on Changes in Accounting Policies)

(Application of the Accounting Standard for Current Income Taxes etc.)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, hereinafter referred to as the "2022 Revised Accounting Standard") is applied from the beginning of the first quarter of the current fiscal year.

Regarding the revision of the classification of income taxes, etc. (taxation on other comprehensive income), the Company complies with the transitional treatment stipulated in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso of paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the "2022 Revised Guidance"). The change in this accounting policy has no impact on the quarterly consolidated financial statements.

In addition, regarding the revision related to the revised treatment in the consolidated financial statements of the deferral for tax purposes of gains or losses on sales arising from the sale of shares of subsidiaries among consolidated companies, the Company has applied the 2022 Revised Guidance from the beginning of the first quarter of the current fiscal year. The change in this accounting policy is applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis. The change in this accounting policy has no impact on the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year.

(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 first quarter under review were reasonably 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.

(Notes on Quarterly Consolidated Balance Sheets)

*1. Items related to unconsolidated subsidiaries and affiliated companies are as follows.

(Thousands of yen)

	FY2024 (As of March 31, 2024)	First Quarter of FY2025 (As of June 30, 2024)
Investment securities (shares)	1,500	1,500

(Notes on Quarterly Consolidated Statements of Income)

*1. Total amount of research and development expenses included in general and administrative expenses and manufacturing costs for the first quarter of the current fiscal year.

(Thousands of yen)

	First Quarter of FY2024 (from April 1, 2023 to June 30, 2023)	First Quarter of FY2025 (from April 1, 2024 to June 30, 2024)
General and administrative expenses	115,766	125,156
Manufacturing costs for the current period	4,881	2,606

(Notes on Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the first quarter of the current fiscal year have not been prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the current fiscal year are as follows.

(Thousands of yen)

	First Quarter of FY2024 (from April 1, 2023 to June 30, 2023)	First Quarter of FY2025 (from April 1, 2024 to June 30, 2024)
Depreciation	441,331	536,370
Amortization of goodwill	27,250	—

(Segment Information, etc.)

[Segment information]

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