

Q&A

[Q&A] What was the rationale for the dividend increase announced in conjunction with the second-quarter financial results?

- Our shareholder return policy emphasizes dividends, targeting a DOE of at least 3% while also taking into account the dividend payout ratio (50.5% for FY2024). However, the dividend forecast announced on May 9, 2025 was set at 130 JPY per share for the full year, the same level as in FY2024.
- In the second quarter, revenues declined while profits increased; however, net income exceeded our plan. With the full-year outlook also expected to align with the annual plan, we determined that this was an appropriate opportunity to present our shareholder return policy in more concrete terms.
- To enhance ROE, it is necessary to curb capital increases driven by annual profits and to reduce capital through share repurchases. Accordingly, in this instance we decided to restrain capital growth by declaring a dividend that exceeds our conventional DOE and payout ratio benchmarks.
- With the planned year-on-year dividend increase of 50 JPY per share, shareholder returns are expected to rise by approximately 4.8 billion JPY over three years compared with FY2024 (fiscal year ending March 2025).
- As of now, no decision has been made regarding whether to maintain the FY2025 dividend payout ratio or to revise the 3% DOE target in our shareholder return policy beyond FY2026. Discussions on shareholder return policy and cash allocation will continue, and updates will be provided at the time of the announcement of financial results for the fiscal year ending March 2026.
- As a general principle, we intend to continue paying dividends at no less than the forecast level for FY2025 (180 JPY per share).
- We remain committed to managing our business with a continued focus on capital costs and share price.

[Q&A] What are the causes of weak domestic sales, and what is the outlook for the second half of the fiscal year?

- The primary factor was the decline in sales of products for CVS, driven by the slowdown in CVS growth. By category, CVS, ready-to-eat meals, and supermarkets recorded a year-on-year decrease of 6.3%.
- The second factor was the decline in sales of products for foodservice customers, due to the absence of certain externally marketed products and limited-time menu items in this term that had been offered in the first half of the previous year.
- While incremental gains versus the previous year are concentrated in the second half, we have a sufficient number of projects contributing within the term. We will strengthen project management to ensure firm execution and aim to achieve the full-year plan.
- For CVS-oriented products, increasing the frequency of proposals has led to more adoptions, and we are seeing tangible signs of improvement.
- For foodservice, with the absence of temporary fluctuation factors, steady growth is expected in the second half.
- B2B2C products, which performed well in the first half, are expected to continue steady growth in the second half, supported by an increase in the number of adopted products.

[Q&A] What is the current situation in China, and what is the outlook going forward?

- Due to the impact of weak consumption stemming from the real estate downturn, net sales declined by 13.3% year-on-year and were 14.0% below plan. While last year's weakness was mainly in foodservice, this term both foodservice and manufacturers have experienced sluggish performance. Our sales are fluctuating in line with the performance of our customers.
- The decline in sales is being offset by new products and new customers. Growth is coming from instant noodle manufacturers, ramen chains, local CVS, and distribution channels.
- Sales increased at instant noodle manufacturers, driven by the adoption of numerous proposed products jointly developed with Ariake Japan. For ramen chains and local CVS, we continued proactive proposals, and the adoption of new products contributed to growth.
- For the retail channel(market), we began supplying retort curry to supermarkets at the start of the year and are currently considering expanding the number of items. In addition, soup for Japanese-style ready-to-eat ramen (a set of noodles, toppings, and soup) has been adopted by supermarkets and has already commenced operations. Further expansion is expected going forward.
- Weak consumer demand is expected to persist through the end of the year. For the current term, we are working toward achieving results in line with the prior year.
- Operating income declined in proportion to the decrease in sales; however, through cost reduction initiatives, the operating margin has been maintained at the previous-year level. We do not anticipate significant fluctuations going forward.
- We are considering entry into the Korean market through exports.

[Q&A] What is the current situation in Taiwan, and what is the outlook going forward?

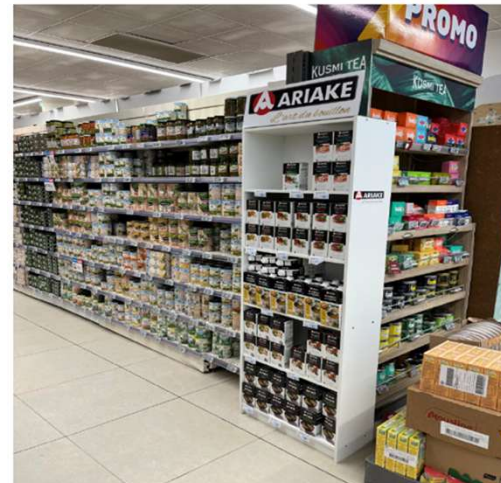
- The majority of sales at Ariake Taiwan come from foodservice. Our performance is directly affected by customer trends, with results divided between customers showing growth and those experiencing declines. The offset between these ups and downs resulted in a sales decrease of 2.5% year-on-year and 2.4% versus plan.
- The companies showing growth are primarily local ramen, local hot pot, and Japanese-style udon chain restaurants, driven mainly by an increase in the number of outlets.
- Conversely, sales declines have been seen at other chains such as local hot pot, Japanese ramen, and local beef noodle restaurants. These decreases are attributable to factors beyond our control, including weaker customer traffic due to operational deficiencies, sluggish sales resulting from high pricing, and customer attrition following price increases.
- The ramen market is showing signs of saturation, leading to intensified competition for share among our customers. We are focusing our efforts on foodservice opportunities beyond ramen. Japanese-style udon, family restaurants, shabu-shabu, yakiniku, and new udon chains are accelerating their store openings, which we view as growth opportunities going forward.
- Beyond foodservice, we are advancing efforts to develop new business with food manufacturers.
- Operating income declined in proportion to the decrease in sales; however, the operating margin has been maintained at the prior-year level. We do not anticipate significant fluctuations going forward.
- Taking into account the saturation of the Taiwanese market, we are envisioning the establishment of Taiwan as a future export hub for Southeast Asia. The supply framework would consist of halal products from Indonesia, other products from Taiwan, and high-value-added items from Japan.

[Q&A] What is the current situation in Indonesia, and what is the outlook going forward?

- For the second quarter of the fiscal year ending March 2026, both net sales and operating income are progressing in line with expectations, relative to the prior year and to plan.
- Sales to Japan have increased, while exports to ASEAN have declined. Expanding exports to ASEAN remains a key challenge going forward. The sales ratio between our group companies (Japan and Taiwan) and non-group companies stands at 57:43.
- In Indonesia, demand from both foodservice and industry has been increasing, and growth is progressing smoothly.
- Japanese foodservice companies are increasingly expanding into Indonesia, Southeast Asia, and the Middle East, generating strong demand for our products. In particular, for entry into halal markets, halal certification is highly effective, allowing us to leverage the advantage of our Indonesia plant, which is certified. We believe there remains ample room for further expansion of Japanese foodservice in Southeast Asia and the Middle East.
- For the Japanese market, we are developing proposals for parts and menu items that leverage Indonesia's unique strengths, as well as products that capitalize on the advantage of halal certification. As an initial step, to address the growing inbound Muslim demand, we are proceeding with the import of halal-certified ramen soup, with sales expected to commence in 2026.

[Q&A] What is the current situation in France, and what is the outlook going forward?

- Exports to Japan increased; however, new customers who performed strongly last year have slowed, resulting in a consolidated sales decline of approximately 10% year-on-year. Before consolidation adjustments, net sales grew more than 20% compared with the previous year.
- Operating income improved significantly, driven by higher operating rates that absorbed fixed costs and the normalization of utility expenses. Before consolidation adjustments, operating income increased by 745% year-on-year; after consolidation adjustments, including unrealized profit, it rose by 98% year-on-year.
- To drive sales recovery in Europe, we are actively expanding our business activities. Products such as chicken fond and organic chicken stock have been adopted, and we expect sales growth going forward.
- We have obtained organic certification both in Belgium and France, and we will leverage organic products as a key differentiating factor in expanding sales to the industrial segment. The European organic market was approximately ¥12 trillion in 2023, accounting for 44% of the global market, with an expected CAGR of around 14%, making it a highly promising market.
- Exports of chicken stock powder in spray form to Japan began in September. In Europe, large industrial customers have already committed to adopting chicken stock powder, and full-scale sales are expected to commence from the next fiscal year.
- In line with the expansion of UHT products in Belgium, dedicated Ariake shelves have been introduced in French retail stores, where we are also promoting the sales of our existing infusion bouillon (dashi packs).



[Q&A] What is the current situation in Belgium, and what is the outlook going forward?

- Exports to Japan and product sales within Europe have both been growing steadily. Net sales increased by 32.0% year-on-year before consolidation adjustments, and by 7.5% after consolidation adjustments.
- Driven by efficiency gains from higher operation, stabilization of utility costs, and expense reductions through cost savings, profit improvement exceeded plan. Operating income increased by 91% year-on-year before consolidation adjustments, and by 61% after consolidation adjustments. In the second half of the current fiscal year, monthly operating profit has remained positive, and we expect to achieve full-year profitability in the next fiscal year.
- In Europe, Japanese cuisine is currently experiencing a boom, with Japanese foodservice companies expanding into the region and exports from Japan, including plant-based products, increasing. The market is becoming more dynamic. Our strategy focuses on strengthening relationships with local Japanese food distributors, differentiating through the advantage of local production (utilizing livestock-based raw materials), supporting Japanese foodservice companies, and developing the Eastern European market, all aimed at driving sales growth.
- For UHT bouillon, we have appointed a dedicated B2C sales manager and are expanding distribution by developing retail outlets in the Paris area, establishing Ariake corners that also feature our powdered products, and conducting in-store demonstrations. From next year, in addition to the existing 1-liter format, a 500ml size will be introduced, and alongside chicken, beef and vegetable items will be added to the lineup.
- We are considering OEM production of UHT bouillon and are currently in discussions with customers in France, the UK, Norway, and Germany regarding private-label bouillon and ready-to-use ramen soup.

[Q&A] What is the current situation in the Netherlands, and what is the outlook going forward?

- In the Netherlands, Henningsen, which we acquired through M&A in 2013, manufactures and sells spray-dried products, primarily meat powders, within Europe.
- Our business is primarily industry-focused, with major customers including leading food, seasoning, and flavor manufacturers across Europe. Thanks to long-standing relationships and a solid track record, we have been able to maintain stable sales.
- In the second quarter of the fiscal year ending March 2026, net sales increased by 5.5% year-on-year and operating income rose by 10.4% year-on-year, showing steady progress. We continue to maintain a stable and high operating margin.
- As aging facilities and limited production capacity are concerns, we are planning phased updates, new installations, and capacity enhancements. These initiatives are expected to drive further sales growth.

[Q&A] Will the full-year plan for the current fiscal year be achieved?

- Although domestic results in the first half were more challenging than expected, we are operating on the basis of achieving 49 billion JPY in sales. With sufficient projects expected to contribute within the fiscal year, we are strengthening individual project management to ensure firm execution.
- Positive factors are emerging, including the recovery of CVS, which was challenging in the first half, the resolution of temporary factors affecting the foodservice segment, and the launch of B2B2C products for the distribution channel.
- For our overseas subsidiaries, Asia is expected to remain challenging through the end of the year; therefore, we will offset this with strong performance in Europe.

[Q&A] Will there be a revision of the medium-term plan?

- While the outlook for Asia's economic slowdown remains uncertain, at present we intend to maintain the consolidated plan by reviewing allocations within the Group, based on the results achieved in the current fiscal year.
- We will offset the slowdown in Asia by further accelerating growth in Europe.
- In Japan, we aim to drive sales growth in line with the medium-term plan by deepening relationships with existing customers, developing new clients, and advancing new product initiatives.
- In particular, in the fiscal year 2026 (ending March 2027), which marks our 60th anniversary, we aim to achieve domestic sales of over 50 billion JPY and consolidated sales of over 70 billion JPY.
- With regard to operating income, the turnaround to profitability in Belgium is progressing faster than expected. In Japan, by maintaining the operating margin of new products, we are working to improve profitability through replacement with new products and individual measures for low-margin items, such as price revisions and product renewals.

[Q&A] What is the impact of foreign exchange on business performance?

- As exports account for only a small proportion of our products, foreign exchange has no impact on net sales.
- U.S. dollars are used for procuring raw materials such as beef and extracts from China and Taiwan. While the yen has recently been strong compared to the previous year, it is expected to appreciate on a full-year basis, resulting in lower procurement costs year-on-year.
- Euros are used for importing extracts and oils from Belgium and France. In the first half, the stronger yen compared with the previous year served as a factor in lowering costs; however, if the current strength of the euro continues, it will become a cost-increasing factor relative to last year. Should the exchange rate at the end of December remain at current levels, it will contribute positively to consolidated net sales and operating income.
- Indonesian rupiah is used for procuring extracts from Indonesia. With the yen trending stronger compared to the previous year, this serves as a factor in lowering procurement costs. However, if the year-end exchange rate remains at current levels, it will become a factor in reducing consolidated net sales and operating income.
- Since the Chinese yuan and Taiwan dollar are not used for procurement, they represent factors affecting consolidated sales and profits at the time of settlement. At current exchange rates, however, the impact is minimal.

[Q&A] What is the medium-term growth strategy amid domestic population decline?

- The food industry as a whole is expected to experience a gradual slowdown in growth due to population decline. Leveraging our strengths, we will pursue further market share expansion in existing businesses, including downstream products centered on extract-based seasonings, while also advancing into adjacent and new business domains.
- The foodservice industry, now in a mature stage, is expected to face intensifying competition, with major chains—possessing superior resources such as people, capital, and data—likely to expand their market share. We will focus on selected priority customers and pursue efficient sales activities to drive revenue growth. In particular, we regard growth-oriented ramen companies, whose consumption remains stable even under a savings-oriented environment, as our most important customers.
- We will promote solution-oriented sales by proposing products that deliver value beyond price and enhance customer value.
- As the population ages, health consciousness is expected to increase further, enhancing the value of our products that utilize safe, natural ingredients. We will continue to advance the development of products with a focus on health and functionality.
- Demand for HMR (Home Meal Replacement) and foodservice products is rising due to factors such as the decline in home cooking, the increase in single-person households, and labor shortages. As processed foods, frozen foods, and supermarket prepared dishes continue to improve in quality, opportunities for our products to be used by food manufacturers and supermarkets (including backyards, central kitchens, and processing centers) are expected to expand, and we will strengthen our sales efforts accordingly.
- In the domestic extract seasoning industry, business continuity risks are expected to increase due to factors such as depletion of livestock raw materials, aging facilities, and shortages of labor and successors. By leveraging our overseas network, we aim to expand market share through stable and superior supply capacity, as well as competitive quality and pricing.
- Beyond livestock-based raw materials, we will develop new business domains, including soybean-based products and pet food, by utilizing soybeans, other plant-based ingredients, and marine resources.

[Q&A] What is Ariake Group's vision for growth?

■ Consolidated net sales of 100 billion JPY by 2030

- For the three years from 2025 through 2027, we will position this period as a profit improvement phase, focusing on raising the operating margin that has declined since FY2022, with the goal of achieving a consolidated operating margin of 20%.
- From 2028 to 2030, we will position this period as a growth investment phase, aiming to achieve consolidated net sales of 100 billion JPY by 2030. In particular, we will make proactive investments in existing overseas group companies and in preparation for the start-up of our U.S. plant. Investments during this period will also include initiatives to drive sales growth beyond 2030.
- Ariake Japan on a standalone basis will continue its current course, aiming to achieve net sales of 50 billion JPY within the three-year mid-term plan starting in 2025, and to reach 55 billion JPY by 2030.
- The overseas group faces a more challenging business environment than expected, including the economic slowdown in China and weak UHT sales. Nevertheless, we will focus on both existing and new customers and work to increase sales toward our targets.

■ Marking our 60th anniversary as a new starting point

- Ariake Japan will celebrate its 60th anniversary in June 2026. We will take this opportunity to reflect on our history and position it as a new starting point for value creation, while working to further enhance corporate value.
- To strengthen individual capabilities and enhance organizational culture, we will focus on human resource development and internal branding.
- In the domestic market, where growth is expected to slow due to population decline and market contraction, we will explore and materialize business opportunities in adjacent and new domains that will serve as the foundation for growth beyond 2030.

[Q&A] What changes are being made in management with respect to capital cost and share price awareness?

- There are, in principle, no changes to the disclosures made in the announcement of financial results for the fiscal year ending March 2025.
- Cash allocation and capital investment plans remain unchanged at this time. However, given the slowdown in China's economic growth, we may adjust the timing of plant construction in line with the pace of sales growth.
- Our shareholder return policy places emphasis on dividends, targeting a DOE of 3% or higher, while also taking into account the dividend payout ratio (50.5% in FY2024). In consideration of improving ROE, we will work to restrain capital increases.
- An increase in dividends is expected for the fiscal year ending March 2026. Please refer to the relevant Q&A for details.
→ [Q&A] What was the rationale for the dividend increase announced in conjunction with the second-quarter financial results?
- We intend to implement stock repurchases in a flexible manner.
- In conducting stock repurchase, we believe it is important to take into account stock liquidity.
- With respect to cross-shareholdings, we will continue to consider their reduction.

[Q&A] Has the appointment of a new outside director brought any changes to governance?

- At the General Meeting of Shareholders held in June 2025, we appointed two new outside directors and launched a new structure consisting of four internal directors and four outside directors, three of whom serve as Audit and Supervisory Committee members.
- At regular Board of Directors meetings, outside directors are speaking more frequently, providing diverse perspectives and invigorating discussions.