

Consolidated Financial Results for the First Quarter of FY2024 Ending March 31, 2024 (J-GAAP)

August 4, 2023

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 Supplementary quarterly materials prepared: None
 Quarterly results information meeting held: None

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

1. Consolidated Financial Results for the First Quarter of FY2024 Ending March 31, 2024 (April 1, 2023–June 30, 2023)

(1) Consolidated Financial Results (cumulative)

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

	Net sales		Operating income		Ordinary income		Quarterly net income attributable to shareholders of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of FY2024	13,502	3.1	1,956	(12.3)	2,843	12.4	1,870	17.3
First quarter of FY2023	13,099	3.7	2,229	(15.9)	2,530	(8.6)	1,594	(4.6)

(Note) Comprehensive income: First Quarter of FY2024: ¥3,231 million (–7.9%) First Quarter of FY2023: ¥3,508 million (43.0%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
First Quarter of FY2024	58.73	–
First Quarter of FY2023	50.07	–

(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, 2023	127,866	112,339	87.1	3,495.93
As of March 31, 2023	126,262	111,743	87.7	3,477.73

(Reference) Equity capital: As of June 30, 2023: ¥111,342 million

As of March 31, 2023: ¥110,763 million

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2023	–	20.00	–	82.00	102.00
FY2024	–	–	–	–	–
FY2024 (forecast)	–	20.00	–	82.00	102.00

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

3. Forecast of the Consolidated Financial Results for FY2024 Ending March 31, 2024 (April 1, 2023–March 31, 2024)

(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	27,918	5.7	4,371	7.7	4,700	1.4	3,036	1.5	95.32
Full year	59,400	6.6	9,300	10.0	10,000	7.9	6,900	8.1	216.64

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

* Notes

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

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

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

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

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

(4) Number of Issued Shares (Common Stock)

1) Number of issued shares as of the period-end (including treasury shares)	As of June 30, 2023	32,808,683 shares	As of March 31, 2023	32,808,683 shares
2) Number of treasury shares as of the period-end	As of June 30, 2023	959,559 shares	As of March 31, 2023	959,375 shares
3) Average number of shares (quarterly consolidated cumulative period)	First three months of FY2024	31,849,205 shares	First three months of FY2023	31,849,497 shares

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

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

Descriptions regarding the future, including the financial outlook contained in this material, are based on certain information currently available to the Company and particular assumptions, which are, at the discretion of the Company, deemed reasonable and actual financial results may significantly vary due to various factors.

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation regarding Financial Results

During the first three months of the fiscal year ending March 31, 2024 (April 1, 2023–June 30, 2023), the Japanese economy began to see economic activities returning to normal due to the relaxation of restrictions on people's movements to control COVID-19 and the lowering of its status under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases to a Class V Infectious Disease. Meanwhile, the outlook remains uncertain due to the prolonged situation in Ukraine, soaring resource and raw material prices, and the rise in commodity prices brought about by the depreciation of the yen.

In these 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 Ariake Group and the Company were able to record the following earnings results for the first three months ended June 30, 2023 (April 1, 2023–June 30, 2023).

The Company's net sales increased by 5.9% (¥564 million) year on year to ¥10,097 million.

In regard to net sales of consolidated subsidiaries, sales of subsidiaries decreased by 4.5% year on year.

Therefore, consolidated net sales for the three months under review increased by 3.1% (¥403 million) year on year to ¥13,502 million.

The Company's operating income decreased by 16.0% (¥228 million) year on year to ¥1,197 million due to a decrease in operating income resulting from soaring raw material and utility costs.

Consolidated operating income was ¥1,956 million, representing a decrease of 12.3% (¥273 million) from the same period in the previous fiscal year.

The Company's ordinary income increased by 17.5% (¥355 million) year on year to ¥2,381 million, mainly due to foreign exchange gains and gain on valuation of derivatives.

Consolidated ordinary income increased by 12.4% (¥313 million) year on year to ¥2,843 million.

The Company's quarterly net income increased by 17.8% (¥251 million) year on year to ¥1,662 million.

Quarterly consolidated net income attributable to shareholders of the parent company increased by 17.3% (¥275 million) to ¥1,870 million.

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

- Net sales

(Billions of yen)

		First three months of FY2024	First three months of FY2023	Difference
Ariake Japan Co., Ltd.		10.10	9.53	0.57
Consolidated subsidiaries total		3.40	3.56	(0.16)
Region	Asia	2.09	2.25	(0.16)
	Europe	1.24	1.24	0.00
	Japan	0.07	0.07	0.00
Total		13.50	13.09	0.41

- Operating income

(Billions of yen)

		First three months of FY2024	First three months of FY2023	Difference
Ariake Japan Co., Ltd.		1.20	1.43	(0.23)
Consolidated subsidiaries total		0.76	0.80	(0.04)
Region	Asia	0.49	0.56	(0.07)
	Europe	0.26	0.24	0.02
	Japan	0.01	0.00	0.01
Total		1.96	2.23	(0.27)

(2) Explanation regarding Financial Position

As of June 30, 2023, consolidated total assets were ¥127,866 million. This represents an increase of ¥1,604 million compared to March 31, 2023.

Total liabilities increased by ¥1,008 million to ¥15,527 million compared to March 31, 2023. Net assets were ¥112,339 million, which represents an increase of ¥595 million from March 31, 2023.

(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 12, 2023.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY2023 (As of March 31, 2023)	First Quarter of FY2024 (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	56,796,833	55,966,173
Notes and accounts receivable - trade	12,122,013	10,773,884
Merchandise and finished goods	4,825,744	5,440,301
Work in process	1,608,712	1,595,224
Raw materials and supplies	5,191,069	6,189,603
Accounts receivable – other	5,099	1,956
Others	865,008	851,713
Allowance for doubtful accounts	(1,172)	(1,173)
Total current assets	81,413,309	80,817,684
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,250,771	24,532,962
Accumulated depreciation	(15,188,696)	(15,463,893)
Buildings and structures, net	9,062,074	9,069,068
Machinery, equipment and vehicles	28,546,266	28,980,673
Accumulated depreciation	(23,207,492)	(23,544,881)
Machinery, equipment and vehicles, net	5,338,773	5,435,791
Land	4,682,722	4,706,210
Leased assets	109,603	110,297
Accumulated depreciation	(75,597)	(77,672)
Leased assets, net	34,006	32,624
Construction in progress	3,692,498	4,541,003
Others	1,486,460	1,515,361
Accumulated depreciation	(1,215,363)	(1,244,499)
Others, net	271,097	270,861
Total property, plant and equipment	23,081,173	24,055,560
Intangible assets		
Goodwill	79,366	54,500
Other	125,691	135,533
Total intangible assets	205,057	190,034
Investments and other assets		
Investment securities	20,940,788	22,190,960
Long-term loans receivable	147,126	146,991
Real estate for investment, net	148,030	147,957
Deferred tax assets	15,364	19,176
Others	347,531	334,582
Allowance for doubtful accounts	(36,129)	(36,129)
Total investments and other assets	21,562,712	22,803,539
Total non-current assets	44,848,943	47,049,134
Total assets	126,262,252	127,866,818

(Thousands of yen)

	FY2023 (As of March 31, 2023)	First Quarter of FY2024 (As of June 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,010,152	5,147,874
Electronically recorded obligations - operating	858,986	1,045,248
Lease obligations	8,181	7,879
Income taxes payable	1,295,132	1,044,363
Provision for bonuses	336,713	328,483
Provision for directors' bonuses	81,700	—
Others	2,214,848	2,793,719
Total current liabilities	9,805,712	10,367,567
Non-current liabilities		
Lease obligations	26,248	24,558
Deferred tax liabilities	3,006,667	3,444,893
Provision for directors' retirement benefits	100,372	102,956
Net defined benefit liability	1,377,088	1,385,354
Others	202,846	202,344
Total non-current liabilities	4,713,223	5,160,106
Total liabilities	14,518,936	15,527,674
Net assets		
Shareholders' equity		
Capital stock	7,095,096	7,095,096
Capital surplus	7,964,413	7,964,413
Retained earnings	88,933,594	88,192,447
Treasury shares	(2,041,864)	(2,042,822)
Total shareholders' equity	101,951,238	101,209,135
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,107,096	5,981,636
Foreign currency translation adjustment	3,689,619	4,135,346
Remeasurements of defined benefit plans	15,307	16,129
Total accumulated other comprehensive income	8,812,024	10,133,112
Non-controlling interests	980,053	996,895
Total net assets	111,743,316	112,339,143
Total liabilities and net assets	126,262,252	127,866,818

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

(Thousands of yen)

	First Quarter of FY2023 (April 1, 2022 to June 30, 2022)	First Quarter of FY2024 (April 1, 2023 to June 30, 2023)
Net sales	13,099,003	13,502,973
Cost of sales	9,018,830	9,623,835
Gross profit	4,080,172	3,879,138
Selling, general and administrative expenses	1,850,288	1,922,557
Operating income	2,229,884	1,956,581
Non-operating income		
Interest income	18,867	71,253
Dividend income	90,627	101,862
House rent income	5,536	5,526
Foreign exchange gains	162,363	514,928
Gain on valuation of derivatives	—	170,360
Others	27,239	30,047
Total non-operating income	304,635	893,978
Non-operating expenses		
Interest expenses	1,838	—
Loss on cancellation of insurance policies	—	1,518
Others	2,299	5,537
Total non-operating expenses	4,137	7,055
Ordinary income	2,530,382	2,843,504
Extraordinary losses		
Loss on retirement of non-current assets	5,350	—
Total extraordinary losses	5,350	—
Income before income taxes and minority interests	2,525,032	2,843,504
Income taxes	901,489	951,201
Quarterly net income	1,623,543	1,892,302
Quarterly net income attributable to non-controlling interests	28,760	21,805
Quarterly net income attributable to shareholders of the parent company	1,594,782	1,870,497

(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	First Quarter of FY2023 (April 1, 2022 to June 30, 2022)	First Quarter of FY2024 (April 1, 2023 to June 30, 2023)
Quarterly net income	1,623,543	1,892,302
Other comprehensive income		
Valuation difference on available-for-sale securities	741,782	874,539
Foreign currency translation adjustment	1,140,879	463,800
Remeasurements of defined benefit plans	1,803	822
Total other comprehensive income	1,884,464	1,339,162
Quarterly comprehensive income	3,508,008	3,231,465
Quarterly comprehensive income attributable to:		
Quarterly comprehensive income attributable to shareholders of the parent company	3,421,571	3,191,585
Quarterly comprehensive income attributable to non-controlling interests	86,436	39,879

(3) Notes on Quarterly Financial Statements

(Notes on the Going Concern Assumption)

There is nothing to report.

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

There is nothing to report.

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

With respect to tax expenses, the effective tax rate after the application of tax effect accounting on income before income taxes and minority interests of the consolidated fiscal year, including the 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.

(Segment Information, etc.)

[Segment information]

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

3. Others

Significant Events regarding Going Concern Assumption

There is nothing to report.