

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

February 9, 2024

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 Code number: 2815 URL: <https://www.ariakejapan.com/> Listing exchange: Tokyo, Prime Market
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Date to start of dividends distribution: –

Supplementary quarterly materials prepared: None

Quarterly results information meeting held: None

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

1. Consolidated Financial Results for the Third Quarter of FY2024 Ending March 31, 2024 (April 1, 2023–December 31, 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	%
Third Quarter of FY2024	44,698	6.3	6,348	(1.4)	6,608	(5.4)	4,440	(4.4)
Third Quarter of FY2023	42,050	7.5	6,439	(18.7)	6,986	(16.5)	4,645	(15.9)

(Note) Comprehensive income: Third Quarter of FY2024: ¥9,574 million (23.2%) Third Quarter of FY2023: ¥7,770 million (7.6%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Third Quarter of FY2024	139.42	–
Third Quarter of FY2023	145.85	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2023	135,426	118,044	86.4	3,671.87
As of March 31, 2023	126,262	111,743	87.7	3,477.73

(Reference) Equity capital: As of December 31, 2023: ¥116,945 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	–	20.00	–	–	–
FY2024 (forecast)	–	–	–	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.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	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 Consolidated Financial Statements in 2. Quarterly Consolidated Financial Statements and Major Notes."

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

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

(4) Number of Issued Shares (Common Stock)

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

As of December 31, 2023	32,808,683 shares	As of March 31, 2023	32,808,683 shares
As of December 31, 2023	959,726 shares	As of March 31, 2023	959,375 shares
First nine months of FY2024	31,849,058 shares	First nine months of FY2023	31,849,448 shares

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

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

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

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation regarding Financial Results

During the first nine months of the fiscal year ending March 31, 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.

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

As a result of these efforts, the Ariake Group and the Company were able to record the following earnings results for the first nine months ended December 31, 2023.

The Company's net sales increased by 5.9% (¥1,888 million) year on year, to ¥33,737 million, resulting from our steady sales and marketing efforts focusing on a "customer-first" approach, along with further easing of COVID-19-related restrictions.

Net sales of consolidated subsidiaries increased by 7.4% year on year.

As a result, consolidated net sales for the nine months under review increased by 6.3% year on year to ¥44,698 million (up ¥2,648 million year on year).

The Company's operating income decreased by 1.0% (¥46 million) year on year to ¥4,344 million due to the steep rise in prices of raw materials and energy. Consolidated operating income was ¥6,348 million, representing a decrease of 1.4% (¥91 million) from the same period in the previous fiscal year.

The Company's ordinary income decreased by 6.9% (¥339 million) year on year to ¥4,614 million due to the loss on valuation of derivatives.

Consolidated ordinary income decreased by 5.4% (¥377 million) year on year to ¥6,608 million.

The Company's quarterly net income decreased by 5.8% (¥203 million) year on year to ¥3,301 million.

Quarterly net income attributable to shareholders of the parent company decreased by 4.4% (¥204 million) year on year to ¥4,440 million.

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

- Net sales

(Billions of yen)

	First nine months of FY2024	First nine months of FY2023	Increase (Decrease)
Ariake Japan Co., Ltd.	33.74	31.85	1.89
Asia	7.07	6.54	0.53
Europe	3.66	3.45	0.21
Japan	0.23	0.21	0.02
Consolidated subsidiaries total	10.96	10.20	0.76
Total	44.70	42.05	2.65

- Operating income

(Billions of yen)

	First nine months of FY2024	First nine months of FY2023	Increase (Decrease)
Ariake Japan Co., Ltd.	4.35	4.39	(0.04)
Asia	1.67	1.52	0.15
Europe	0.32	0.52	(0.20)
Japan	0.01	0.01	0.00
Consolidated subsidiaries total	2.00	2.05	(0.05)
Total	6.35	6.44	(0.09)

(2) Explanation regarding Financial Position

As of December 31, 2023, consolidated total assets were ¥135,426 million. This represents an increase of ¥9,164 million compared to March 31, 2023.

Total liabilities increased by ¥2,863 million to ¥17,382 million compared to March 31, 2023, mainly due to an increase in notes and accounts payable - trade. Net assets were ¥118,044 million, which represents an increase of ¥6,300 million from March 31, 2023.

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

We have not revised our forecast of the consolidated financial results which were announced on May 12, 2023. However, we will disclose information in an appropriate manner if any material changes occur in the future.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY2023 (As of March 31, 2023)	Third Quarter of FY2024 (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	56,796,833	49,620,516
Notes and accounts receivable - trade	12,122,013	15,107,206
Securities	—	1,000,000
Merchandise and finished goods	4,825,744	5,472,664
Work in process	1,608,712	1,442,359
Raw materials and supplies	5,191,069	6,000,665
Accounts receivable - other	5,099	76,775
Others	865,008	786,807
Allowance for doubtful accounts	(1,172)	(1,178)
Total current assets	81,413,309	79,505,816
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,250,771	25,358,081
Accumulated depreciation	(15,188,696)	(16,130,157)
Buildings and structures, net	9,062,074	9,227,923
Machinery, equipment and vehicles	28,546,266	30,477,306
Accumulated depreciation	(23,207,492)	(24,429,538)
Machinery, equipment and vehicles, net	5,338,773	6,047,767
Land	4,682,722	4,763,292
Leased assets	109,603	111,801
Accumulated depreciation	(75,597)	(81,971)
Leased assets, net	34,006	29,829
Construction in progress	3,692,498	5,221,337
Others	1,486,460	1,576,974
Accumulated depreciation	(1,215,363)	(1,317,322)
Others, net	271,097	259,651
Total property, plant and equipment	23,081,173	25,549,802
Intangible assets		
Goodwill	79,366	—
Other	125,691	128,368
Total intangible assets	205,057	128,368
Investments and other assets		
Investment securities	20,940,788	26,603,341
Long-term loans receivable	147,126	201,991
Real estate for investment, net	148,030	147,812
Deferred tax assets	15,364	19,659
Others	347,531	3,306,282
Allowance for doubtful accounts	(36,129)	(36,129)
Total investments and other assets	21,562,712	30,242,957
Total non-current assets	44,848,943	55,921,129
Total assets	126,262,252	135,426,945

(Thousands of yen)

	FY2023 (As of March 31, 2023)	Third Quarter of FY2024 (As of December 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,010,152	5,408,064
Electronically recorded obligations - operating	858,986	991,514
Lease obligations	8,181	7,235
Income taxes payable	1,295,132	788,045
Provision for bonuses	336,713	334,128
Provision for directors' bonuses	81,700	–
Others	2,214,848	3,878,479
Total current liabilities	9,805,712	11,407,468
Non-current liabilities		
Lease obligations	26,248	21,099
Deferred tax liabilities	3,006,667	4,208,131
Provision for directors' retirement benefits	100,372	108,125
Net defined benefit liability	1,377,088	1,426,231
Others	202,846	211,658
Total non-current liabilities	4,713,223	5,975,246
Total liabilities	14,518,936	17,382,715
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	90,125,467
Treasury shares	(2,041,864)	(2,043,691)
Total shareholders' equity	101,951,238	103,141,285
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,107,096	7,468,122
Foreign currency translation adjustment	3,689,619	6,317,900
Remeasurements of defined benefit plans	15,307	17,774
Total accumulated other comprehensive income	8,812,024	13,803,798
Non-controlling interests	980,053	1,099,146
Total net assets	111,743,316	118,044,230
Total liabilities and net assets	126,262,252	135,426,945

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

(Thousands of yen)

	Third Quarter of FY2023 (April 1, 2022 to December 31, 2022)	Third Quarter of FY2024 (April 1, 2023 to December 31, 2023)
Net sales	42,050,132	44,698,671
Cost of sales	29,744,020	32,231,580
Gross profit	12,306,112	12,467,090
Selling, general and administrative expenses	5,866,240	6,119,040
Operating income	6,439,871	6,348,050
Non-operating income		
Interest income	116,538	263,567
Dividend income	163,039	192,707
House rent income	16,403	16,171
Foreign exchange gains	181,888	938,122
Others	79,250	141,179
Total non-operating income	557,120	1,551,749
Non-operating expenses		
Interest expenses	4,716	4
Loss on valuation of derivatives	–	1,276,358
Others	5,797	14,443
Total non-operating expenses	10,513	1,290,806
Ordinary income	6,986,478	6,608,992
Extraordinary income		
Gain on sale of investment securities	38,164	102,950
Total extraordinary income	38,164	102,950
Extraordinary losses		
Loss on retirement of non-current assets	5,350	–
Total extraordinary losses	5,350	–
Income before income taxes and minority interests	7,019,292	6,711,942
Income taxes	2,291,788	2,193,602
Quarterly net income	4,727,503	4,518,339
Quarterly net income attributable to non-controlling interests	82,364	77,844
Quarterly net income attributable to shareholders of the parent company	4,645,139	4,440,495

(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Third Quarter of FY2023 (April 1, 2022 to December 31, 2022)	Third Quarter of FY2024 (April 1, 2023 to December 31, 2023)
Quarterly net income	4,727,503	4,518,339
Other comprehensive income		
Valuation difference on available-for-sale securities	135,599	2,361,025
Foreign currency translation adjustment	2,902,130	2,692,567
Remeasurements of defined benefit plans	5,410	2,467
Total other comprehensive income	3,043,141	5,056,061
Quarterly comprehensive income	7,770,645	9,574,400
Quarterly comprehensive income attributable to:		
Quarterly comprehensive income attributable to shareholders of the parent company	7,577,780	9,432,269
Quarterly comprehensive income attributable to non- controlling interests	192,865	142,131

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

There is nothing to report.

(Changes in Accounting Policies)

There is nothing to report.

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

There is nothing to report.

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

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

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

(Segment Information, etc.)

[Segment information]

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