

# FINANCIAL SUMMARY

## Consolidated Balance Sheets

	FY2017 As of March 31, 2017	FY2018 As of March 31, 2018
<b>Assets</b>		
Current assets	42,754	<b>48,859</b>
Non-current assets	34,271	<b>38,410</b>
Property, plant and equipment	22,744	<b>23,864</b>
Intangible assets	729	<b>719</b>
Investments and other assets	10,797	<b>13,826</b>
Total assets	77,025	<b>87,269</b>
<b>Liabilities</b>		
Current liabilities	8,207	<b>9,134</b>
Non-current liabilities	3,461	<b>4,106</b>
Total liabilities	11,669	<b>13,241</b>
<b>Net assets</b>		
Shareholders' equity	61,920	<b>68,102</b>
Accumulated other comprehensive income	3,085	<b>5,476</b>
Non-controlling interests	350	<b>449</b>
Total net assets	65,356	<b>74,027</b>
Total liabilities and net assets	77,025	<b>87,269</b>

Note: Amounts presented are rounded down to the nearest million yen.

## Consolidated Statements of Income

	FY2017 From April 1, 2017 to March 31, 2017	FY2018 From April 1, 2017 to March 31, 2018
Net sales	48,803	<b>54,348</b>
Cost of sales	31,493	<b>35,510</b>
Gross profit	17,309	<b>18,837</b>
Selling, general and administrative expenses	7,036	<b>7,508</b>
Operating income	10,273	<b>11,329</b>
Non-operating income	421	<b>447</b>
Non-operating expenses	114	<b>206</b>
Ordinary income	10,579	<b>11,570</b>
Extraordinary income	350	<b>179</b>
Extraordinary losses	16	<b>6</b>
Income before income taxes and minority interests	10,914	<b>11,743</b>
Income taxes - current	3,326	<b>3,721</b>
Income taxes - deferred	(64)	<b>(171)</b>
Net income	7,651	<b>8,194</b>
Net income attributable to non-controlling interests	66	<b>94</b>
Net income attributable to shareholders of the parent company	7,585	<b>8,099</b>

Note: Amounts presented are rounded down to the nearest million yen.

## Consolidated Statements of Cash Flows

	FY2017 From April 1, 2016 to March 31, 2017	FY2018 From April 1, 2017 to March 31, 2018
Cash flows from operating activities	7,805	<b>10,173</b>
Cash flows from investing activities	(1,711)	<b>(8,448)</b>
Cash flows from financing activities	(2,340)	<b>(2,132)</b>
Effect of exchange rate change on cash and cash equivalents	309	<b>176</b>
Net increase in cash and cash equivalents	4,062	<b>(231)</b>
Cash and cash equivalents at beginning of period	13,484	<b>17,547</b>
Cash and cash equivalents at end of period	17,547	<b>17,316</b>

Note: Amounts presented are rounded down to the nearest million yen.

## Consolidated Statements of Changes in Equity

	Shareholders' equity				Accumulated other comprehensive income				Non-controlling interests	Total net assets	
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	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 the consolidated fiscal year	7,095	7,840	49,064	(2,079)	61,920	3,060	135	(110)	3,085	350	65,356
Changes of items during the consolidated fiscal year											
Dividends of surplus			(1,909)		(1,909)						(1,909)
Net income attributable to shareholders of the parent company			8,099		8,099						8,099
Purchase of treasury shares				(8)	(8)						(8)
Net changes of items other than shareholders' equity during the consolidated fiscal year						1,590	759	39	2,390	98	2,489
Total changes of items during the consolidated fiscal year	—	—	6,190	(8)	6,181	1,590	759	39	2,390	98	8,671
Balance at end of the consolidated fiscal year	7,095	7,840	55,255	(2,088)	68,102	4,650	895	(70)	5,476	449	74,027

Note: Amounts presented are rounded down to the nearest million yen.

# CORPORATE / INVESTOR INFORMATION

## Company Profile

<ul style="list-style-type: none"> <li>Trade Name: ARIAKE JAPAN Co., Ltd.</li> <li>Representatives: Tomoki Tagawa, President (CEO), Katsutoshi Iwaki, Executive Vice President (COO)</li> <li>Established: June 2, 1966</li> <li>Capital: 7,095,096 thousand yen</li> <li>Employees: 497 (As of March 31, 2018)</li> <li>Business Activities: 1. Manufacture, processing and sale of natural seasonings; 2. Production, processing, import / export and sale of livestock products; 3. Processing, import / export and sale of marine products; 4. Production, import / export and sale of non-pharmaceutical products; 5. Restaurant management; 6. Technical guidance concerning the above activities; 7. Operations incidental to above activities</li> </ul>	<ul style="list-style-type: none"> <li>Banks: Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., The Eighteenth Bank, Ltd.</li> <li>Affiliated Companies: ARIAKE U.S.A., Inc., 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, Dear. SOUP Co., Ltd., A.C.C. Co., Ltd., Ariake Farm. Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Office Location: 3-2-17, Ebisu-Minami, Shibuya-ku, Tokyo 150-0022, TEL: 03-3791-3301</li> <li>Headquarters</li> <li>Kyushu Plant: No.1 Kyushu Plant, No.2 Kyushu Plant</li> <li>Central Research Laboratory R&amp;D Center</li> <li>Packing Center</li> <li>Nagoya Branch</li> <li>Osaka Branch</li> <li>Fukuoka Branch</li> <li>Sendai Branch</li> <li>Sapporo Sales Office</li> <li>Hokuriku Sales Office</li> </ul>
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(As of June 22, 2018)



Headquarters building

## Stock Data

(As of March 31, 2018)

- Total number of shares authorized to be issued: 130,000,000 shares
- Total issues and outstanding shares: 32,808,683 shares
- Number of shareholders: 9,133
- Stock exchange listing: Tokyo Stock Exchange, First Section
- Securities code number: 2815

## Major Shareholders (Top 10)

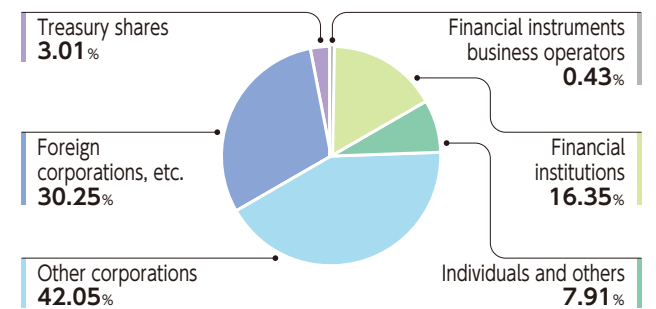
Name of Shareholders	Thousand Shares	Percentage
Japan Food Business Co., Ltd.	10,608	33.34
Kineo Okada Scholarship Foundation	2,196	6.90
STATE STREET BANK AND TRUST COMPANY	1,622	5.10
JPMC OPPENHEIMER JASDEC LENDING ACCOUNT	1,454	4.57
Japan Trustee Services Bank, Ltd. (Trust Account)	1,191	3.74
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,182	3.71
GOLDMAN, SACHS & CO. REG	937	2.95
BBH FOR MATTHEWS JAPAN FUND	818	2.57
Ohsho Food Service Corp.	784	2.46
NAOKI OKADA	412	1.29

Note1: Treasury shares (986 thousand shares) are excluded from the list above.  
Note2: The percentage of total shares excludes treasury shares.  
Note3: Number of shares less than one thousand is rounded down to the nearest thousand.

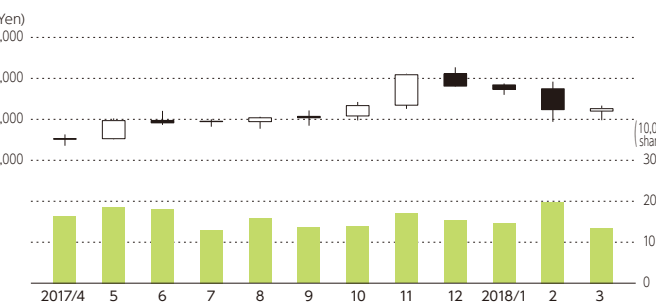
## Stock Information

Fiscal year	April 1 to March 31 next year
Record date for receipt of year-end dividends	March 31
Record date for receipt of 2nd quarter dividends	September 30
General shareholders' meeting	Held in June each year
Stock transfer agent	Mitsubishi UFJ Trust and Banking Corporation
Account manager for special accounts	Mitsubishi UFJ Trust and Banking Corporation Securities Agency Division, 1-1 Nikko-cho, Fuchu-shi, Tokyo, TEL: 0120-232-711 (Toll free only in Japan)
Inquiries	Mailing address: Shin-TOKYO Post Office post office box No.29, 137-8081, Japan; Mitsubishi UFJ Trust and Banking Corporation Securities Agency Division
Stock exchange listing	Tokyo Stock Exchange, First Section
Announcement	The Company posts information about settlement announcement on its website. <a href="http://www.ariakejapan.com/">http://www.ariakejapan.com/</a>

## Percentage Composition of Shareholders



## Stock Price (Monthly) and Trading Volume



## Precautions

- In principle, changes of address, requests for purchases of shares and other shareholder procedures will be performed by the account manager (securities company, etc.) for each shareholder's account. These procedures are not performed by the Company's stock transfer agent (Mitsubishi UFJ Trust and Banking).
- For all procedures concerning stock registered in the special account, please contact Mitsubishi UFJ Trust and Banking, which is the manager of this account. These procedures are handled at the head office and all branches of Mitsubishi UFJ Trust and Banking.
- Accrued dividends can be received at the head office or any branch of Mitsubishi UFJ Trust and Banking.

April 1, 2017 >>> March 31, 2018

# Business Report

THE FINE FLAVORS OF NATURE

<http://www.ariakejapan.com/>

**ARIAKE JAPAN Co., Ltd.**  
Securities code number : 2815

## TO OUR SHAREHOLDERS

Overseas business has achieved further growth with our "Global Eight-Pillar System," and so both sales and profits attained new all-time highs. We will continue to fulfill our commitments to thoroughly implementing both quality and hygiene management and we aim to sustainably enhance corporate value by providing safe and secure foods.

We are pleased to present the Ariake Group's "Business Report" for the year ended March 31, 2018 (FY2018) and to have this opportunity to offer our shareholders our sincere gratitude for their continued support.

The Japanese economy during the fiscal year ended March 31, 2018 remained on a moderate recovery trend as corporate earnings and employment conditions improved thanks to economic policies by the government. However, future prospects remain uncertain due to increasing uncertainties about overseas economies and geopolitical risks.

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 setting up a "Global Eight-Pillar System," to fulfill its commitments to food safety, good health, and better taste.

Specifically, domestic sales of seasonings for food service, ready-made meals and processed foods were favorable. In addition, overseas business has grown even more strongly thanks to the "Global Eight-Pillar System." In the United States, earnings improved dramatically due to an increase in orders from existing food processing company clients, and growth in orders from existing food processing companies and restaurant clients resulted in both sales and earnings increasing in China. Despite growth in orders received in Taiwan however, earnings declined due to increased costs at the new plant. In Europe, we also succeeded in expanding sales within the European market thanks to successful cooperation between the three bases, thereby resulting in higher revenue and earnings.

As a result, consolidated business results for the fiscal year under review increased for the ninth consecutive fiscal year, with sales, operating income, ordinary income, and net income attributable to parent company shareholders all recording new all-time highs.

The fundamental factor in driving this growth is that it can be said that the Company has its own unique business model given the foresight that resulted in the Company pioneering the early development of the natural seasonings market. As a result, we have been able to cultivate strengths both in the reliable and mass production of high quality products, and in high-level quality and hygiene management, and to exert our strength globally by means of our production facilities in optimal regional production system.

We will continue to strive to further strengthen our competitiveness against

the backdrop of increasing domestic demand due to factors such as the lack of kitchen staff and the trend towards more people in Japan eating meals alone, and of growth in overseas demand due to the increased popularity and penetration of Japanese cuisine overseas and the need for improvement in the efficiency of cooking processes.

In particular, we will promote the development of the ASEAN market by using our Indonesian plant as our hub, strengthen sales by means of the planned future expansion of our production facilities in the United States, and promote the capacity of our European base both to supply Japan and to develop its local markets.

In pursuing our medium- to long-term goal of achieving consolidated net sales of 100 billion yen, the Group is driving growth with the "Global Eight-Pillar System," and by strengthening and thoroughly implementing quality and sanitation management both in Japan and overseas, we aim to sustainably enhance our corporate value by striving to provide safe and secure products to our clients.

To express our appreciation to shareholders for their support and ask for their continued support, the Company has decided to pay an annual dividend of ¥46 per share for the year, an increase of 6 yen from the previous fiscal year. As a result, together with the interim dividend of 20 yen, the annual dividend will be ¥66 per share.

We thank all of our shareholders for their many years of support for the company and we humbly request that we will be able to enjoy your continued support and guidance in the future.

June 2018



Senior Advisor  
Kineo Okada



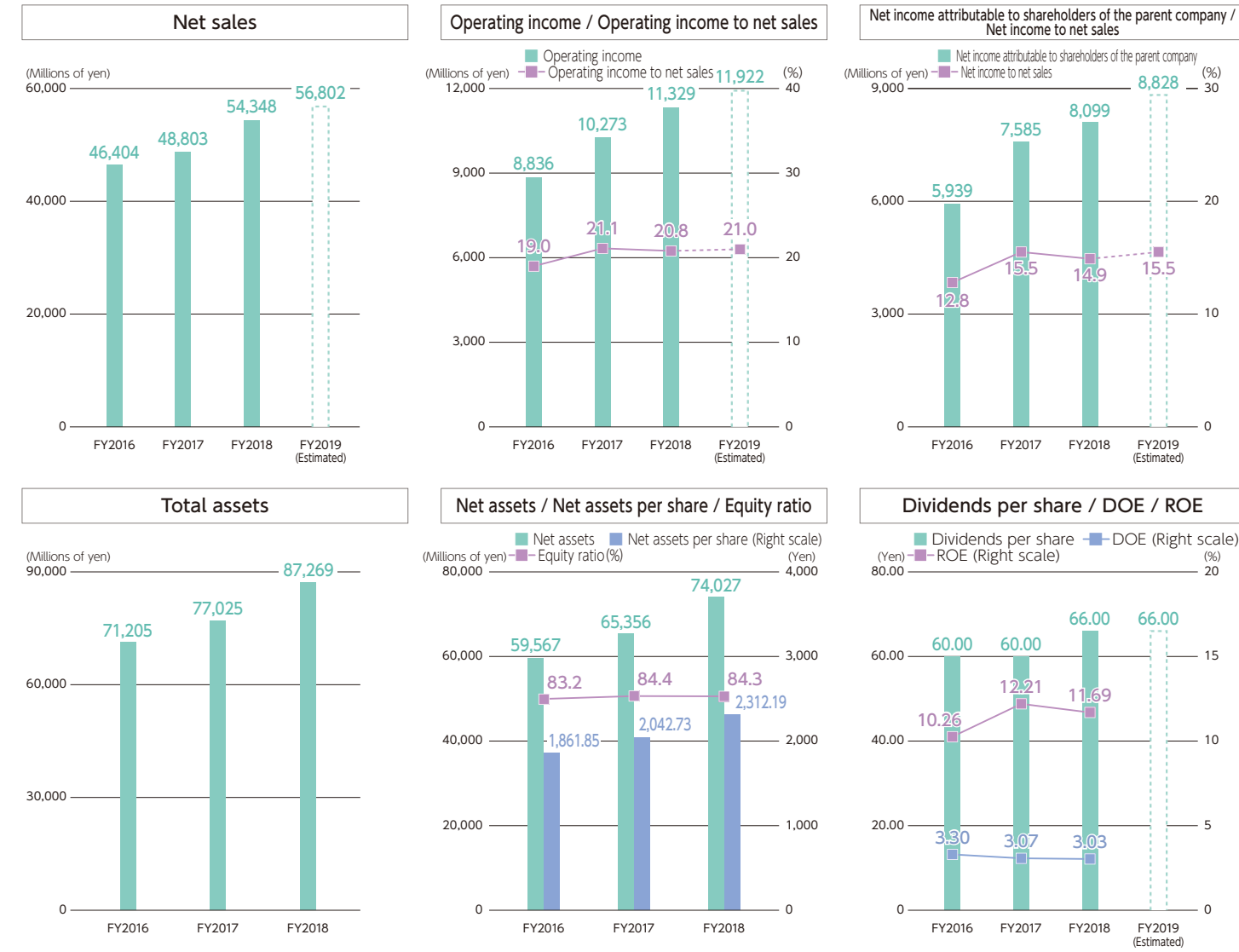
President (CEO)  
Tomoki Tagawa





# CONSOLIDATED FINANCIAL HIGHLIGHTS

Net sales, operating income, ordinary income and net income attributable to shareholders of the parent company all increased for the ninth consecutive year.



**Consolidated net sales**, thank to concerted efforts to expand revenues by maintaining a sustained stance of putting the customer first, and also because of the growth in sales recorded by our overseas subsidiaries, grew by ¥5,544 million (11.4%) year-on-year to ¥54,348 million, and so the Group recorded another all-time high in net sales for the ninth consecutive fiscal year.

**Consolidated operating income** increased by ¥1,056 million (10.3%) year-on-year to ¥11,329 million, with growth in operating income being greatly boosted by the contribution provided by the increase in net sales, which was able to absorb increases in cost factors in areas including raw materials costs due to yen weakness, and fixed costs for production and manufacturing.

**Consolidated ordinary income** increased by ¥990 million (9.4%) year-on-year to ¥11,570 million.

**Net income attributable to shareholders of the parent company** grew by ¥514 million (6.8%) year-on-year to ¥8,099 million. Earnings at all levels increased for the ninth consecutive year and rose to record highs.

# SPECIAL ISSUE Global Network and Business Strategies of the Ariake Group

## The optimal regional production system serves a broad array of customer needs worldwide.

Contributing to the advancement of the culture of food worldwide has always been a goal of the Ariake Group. Since our inception, we have been dedicated to operating on a global scale as both a Japanese company and a global enterprise. Since our founding, we have made enormous capital expenditures that total approximately ¥20 billion throughout the world. Having completed this round of overseas investments, we are now in the stage where we generate returns from these expenditures. Under the optimal regional production system with production bases in eight locations as Japan, the U.S., China, Taiwan, France, Belgium, the Netherlands and Indonesia, we serve the diverse range of needs among our customers worldwide.



- Japan**  
Company Name: ARIAKE JAPAN Co., Ltd.  
Headquarters: Shibuya-ku, Tokyo  
Plant Location: Kita-Matsuyama-gun, Nagasaki  
Established: June 1966  
Capital: ¥7,095 million
- U.S.A.**  
Company Name: ARIAKE U.S.A., Inc.  
Office Location: Harrisonburg, Virginia, U.S.A.  
Established: February 1985  
Capital: US\$18 million
- China**  
Company Name: QINGDAO ARIAKE FOODSTUFF Co., Ltd.  
Office Location: Qingdao Jiaonan Shandong Province, China  
Established: December 1994  
Capital: US\$8.12 million
- Taiwan**  
Company Name: Taiwan Ariake Foods Co., Ltd.  
Office Location: Pingtung County, Taiwan  
Established: May 1985  
Capital: NT\$250 million
- France**  
Company Name: F.P. Natural Ingredients S.A.S.  
Office Location: Alençon, France  
Established: March 2003  
Capital: €22 million
- Belgium**  
Company Name: Ariake Europe N.V.  
Office Location: Maasmechelen, Belgium  
Established: January 2004  
Capital: €54.5 million
- Netherlands**  
Company Name: Henningsen Nederland B.V.  
Office Location: VVaalwijk, Netherlands  
Established: December 1984  
Capital: €359 thousand
- Indonesia**  
Company Name: PT. Ariake Europe Indonesia  
Office Location: West Java, Indonesia  
Established: March 2016  
Capital: US\$2,825 thousand

## Business Plan of the Ariake Group

The optimal regional production system of the Ariake Group can provide a consistent supply of high quality, low cost products. Having completed work on this system, the Ariake Group has established a business plan that has clear numerical targets.

## Business Strategies of the Ariake Group

The Ariake Group has established a specific business strategy for individual regions and countries of the world in line with the Ariake Group's business plan. Targets for sales three years from now, which is the fiscal year ending in March 2021, were also set up.

	Result		Plan			
	FY2017	FY2018	FY2019	FY2020	FY2021	
Net sales	Ariake Japan	36.0	39.0	40.0	42.0	44.0
	Consolidated subsidiaries	15.3	18.0	19.4	21.5	23.6
	Adjustment	(2.5)	(2.7)	(2.6)	(3.0)	(3.4)
Operating income	Ariake Japan	7.5	7.8	8.1	8.6	9.0
	Consolidated subsidiaries	2.8	3.5	3.8	4.5	4.9
	Consolidated operating income	10.3	11.3	11.9	13.1	13.9

			Details	Sales Target for FY2021
Japan	ARIAKE JAPAN Co., Ltd.		Create a new business model	44.0
U.S.A.	ARIAKE U.S.A., Inc.		Perform strategic sales activities and make new capital investments	
Asia	QINGDAO ARIAKE FOODSTUFF Co., Ltd. (China)		Sales growth deriving from stimulation of latent demand Expanding sales in new markets	
	Taiwan Ariake Foods Co., Ltd. (Taiwan)			
	PT. Ariake Europe Indonesia (Indonesia)			
Europe	F. P. Natural Ingredients S.A.S. (France)		Use the collective strengths of the three locations to increase sales in Europe	
	Ariake Europe N.V. (Belgium)			
	Henningsen Nederland B.V. (Netherlands)			
Other				

Note: Sales targets for FY2021 are before consolidation adjustments.

# TOPICS

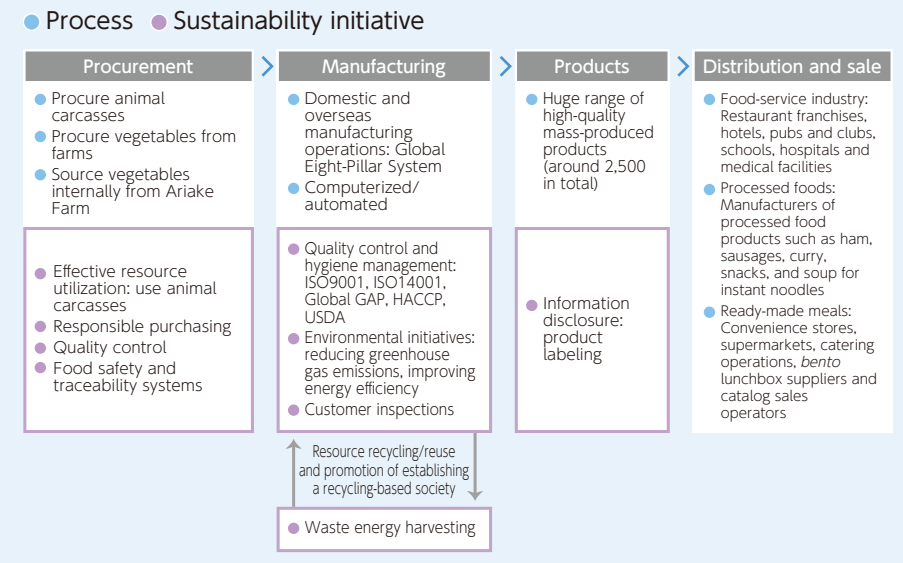
## Efforts to Pursue Sustainability

In order to sustainably increase corporate value, the Group will promote business activities aimed at delivering growth, as well as through implementing quality and sanitation management for food safety, initiatives towards environmental conservation and towards building a recycling-oriented society, by strengthening its corporate governance structure, pursuing sustainability, and supporting its business activities.

Throughout the supply chain, we are working to ensure safety and traceability, thoroughly implement quality and sanitation management, make effective use of resources, and promote the creation of a recycling-oriented society.

We have posted "ESG information (sustainable operation)" on our website so please do take the time to have a look at it.

>> <http://www.ariakejapan.com/en/esg/index.html>



## Development of overseas strategy: Showcasing strategic products at a German international trade fair

Demand for natural seasonings is growing abroad, against the background of the increased penetration and popularity of Japanese food products overseas in response to rising health consciousness and the demand for greater efficiency in cooking processes.

The Group is striving to expand its overseas business by globally demonstrating our strengths in advanced production capacity and in our quality and sanitation management capabilities.

We have developed strategic products for Europe and introduced them at an international trade fair held in Germany in November 2017. European subsidiaries are responsible for supplying high-quality raw materials to Japan, as well as making efforts to expand local sales in the region, and will continue to focus on product development initiatives that cater to local needs.



We exhibited at FOOD INGREDIENTS EUROPE (FIE), an international trade fair held in Frankfurt, Germany in November 2017. This is the largest food ingredient trade fair in Europe, with purchasing, research and development, production and marketing staff gathering from all over the world and featuring the introduction of innovative new products and services by world's leading food and beverage manufacturers.

**Number of exhibitor booths:** more than 1,600 companies from over 50 countries  
**Visitors:** Approximately 26,000 people from 135 countries worldwide