## FINANCIAL SUMMARY

Consolidated Balance	(Millions of ye	
	FY 2018 As of March 31, 2018	FY 2019 As of March 31, 2019
Assets		
Current assets	48,605	68,850
Non-current assets	38,421	37,849
Property, plant and equipment	23,864	19,657
Intangible assets	719	592
Investments and other assets	13,837	17,600
Total assets	87,026	106,699
Liabilities		
Current liabilities	9,134	14,160
Non-current liabilities	3,864	3,635
Total liabilities	12,999	17,795
Net assets		
Shareholders' equity	68,102	82,435
Accumulated other comprehensive income	5,476	5,957
Non-controlling interests	449	510
Total net assets	74,027	88,904
Total liabilities and net assets	87,026	106,699

Consolidated Statement	(Millions of yen)	
	FY2018 From April 1, 2017 to March 31, 2018	FY2019 From April 1, 2018 to March 31, 2019
Net sales	54,348	56,550
Cost of sales	35,510	36,643
Gross profit	18,837	19,906
Selling, general and administrative expenses	7,508	7,956
Operating income	11,329	11,949
Non-operating income	447	663
Non-operating expenses	206	66
Ordinary income	11,570	12,546
Extraordinary income	179	13,300
Extraordinary losses	6	94
Income before income taxes and minority interests	11,743	25,752
Income taxes - current	3,721	9,031
Income taxes - deferred	(171)	(56)
Net income	8,194	16,776
Net income attributable to non-controlling interests	94	99
Net income attributable to shareholders of the parent company	8,099	16,677

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

## Consolidated Statements of Cash Flows (Millions of yen)

	FY 2018 From April 1, 2017 to March 31, 2018	FY2019 From April 1, 2018 to March 31, 2019
Cash flows from operating activities	10,173	9,704
Cash flows from investing activities	(8,448)	(5,036)
Cash flows from financing activities	(2,132)	(2,155)
Effect of exchange rate change on cash and cash equivalents	176	(285)
Net increase in cash and cash equivalents	(231)	2,227
Cash and cash equivalents at beginning of period	17,547	17,316
Cash and cash equivalents at end of period	17,316	19,543

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

(Millions of yen)

Note: Amounts presented are rounded down to the nearest million yen. \*Ariake started applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" in the fiscal year that ended in March 2019. Prior-year figures have been restated for consistency with this change.

### Consolidated Statements of Changes in Equity (From April 1, 2018 to March 31, 2019)

		Shareholders' equity			Accumulated other comprehensive income				- Non-		
	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	controlling interests	Total net assets
Balance at beginning of the consolidated fiscal year	7,095	7,840	55,255	(2,088)	68,102	4,650	895	(70)	5,476	449	74,027
Changes of items during the consolidated fiscal year											
Dividends of surplus			(2,100)		(2,100)						(2,100)
Net income attributable to shareholders of the parent company			16,677		16,677						16,677
Purchase of treasury shares				(7)	(7)						(7)
Net changes of items other than shareholders' equity during the consolidated fiscal year			(235)		(235)	634	(156)	3	481	61	306
Total changes of items during the consolidated fiscal year	_	_	14,341	(7)	14,333	634	(156)	3	481	61	14,876
Balance at end of the consolidated fiscal year	7,095	7,840	69,596	(2,095)	82,435	5,285	738	(66)	5,957	510	88,904

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

# CORPORATE / INVESTOR INFORMATION

## **Company Profile**

	ARIAKE JAPAN Co., Ltd. Tomoki Tagawa, President (CEO) Katsutoshi Iwaki Executive Vice President (COO)	At	anks filiated	Sumitom Corporat MUFG B The Eigh QINGD
Established	June 2, 1966	C	ompanies	Co., Ltc Taiwan
Capital	7,095,096 thousand yen 517 (As of March 31, 2019)			• F.P. Nat
Business Activities	<ol> <li>Manufacture, processing and sale of natural s</li> <li>Production, processing, import / export of livestock products</li> <li>Processing, import / export and sale of products</li> <li>Production, import / export and sale of non-pharmaceutical products</li> <li>Restaurant management</li> <li>Technical guidance concerning the above</li> <li>Operations incidental to above activitie</li> </ol>	and sale marine activities		<ul> <li>Ariake</li> <li>Henni</li> <li>PT. Ar</li> <li>Dear. S</li> <li>A.C.C. (</li> <li>Ariake</li> </ul>
Stock Data	3	(As o	f March 31	, 2019)
<ul> <li>Total issues a</li> <li>Number of sh</li> <li>Stock exchanged</li> </ul>	of shares authorized to be issued and outstanding shares areholders ge listing	32,80  Exchange,	8,683 shar 9,48 First Sectio	es 32 on
Major Share	holders (Top 10)			
1	Name of Shareholders	Thousand Shares	Percentag	je
Japan Food E	Business Co., Ltd.	10,608	33.34	L
Kineo Okada	Scholarship Foundation	2,196	6.90	)
JPMC OPPENHE	IMER JASDEC LENDING ACCOUNT	1,454	4.57	7 
The Master Trust	Bank of Japan, Ltd. (Trust Account)	1,181	3.71	

JPMC OPPENHEIMER JASDEC LENDING ACCOUNT	1,454	4.57
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,181	3.71
Japan Trustee Services Bank, Ltd. (Trust Account)	1,152	3.62
BBH FOR MATTHEWS JAPAN FUND	787	2.48
Ohsho Food Service Corp.	784	2.46
GOLDMAN, SACHS & CO. REG	769	2.42
The Nomura Trust and Banking Co., Ltd. (Trust Account)	413	1.30
NAOKI OKADA	412	1.29

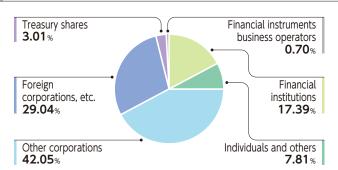
Note1: Treasury shares (987 thousand shares) are excluded from the list above Note2: The percentage of total shares excludes treasury shares. Note3: Number of shares less than one thousand is rounded down to the nearest thousand

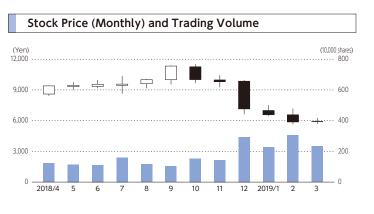
### Stock Information

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 Account manager for special accounts	Mitsubishi UFJ Trust and Banking Corporation
Inquiries	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) 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 Announcement	Tokyo Stock Exchange, First Section The Company posts information about settlement announcement on its w http://www.ariakejapan.com/









## Precautions

- 1. 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).
- 2. 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.
- 3. Accrued dividends can be received at the head office or any branch of Mitsubishi UFJ Trust and Banking.

ment on its website







# TO OUR SHAREHOLDERS

Consolidated sales and earnings reached all-time highs in the fiscal year that ended in March 2019. We will place even more emphasis on profitability while utilizing the core strengths of the Ariake Group. We will also concentrate on growing markets and new businesses with the goal of achieving sustainable growth.

We are pleased to present the Ariake Group's "Business Report" for the year ended March 31, 2019 (FY2019) and to have this opportunity to offer our shareholders our sincere gratitude for their continued support.

During the fiscal year, the Japanese economy continued to recover slowly. However, the outlook for the overseas economy remained unclear because of slowing economic growth in China, U.S.-China trade friction and other sources of concern.

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.

Our sales and earnings increased in Asia and Europe but performance in the United States was affected by a decline in orders from major customers. In China, sales and earnings were higher along with the growth in orders from the restaurant sector. Sales and earnings also increased in Taiwan as exports to Japan grew. Our operations in Indonesia started making products for export to Japan. Joint activities by our bases in Belgium, France and the Netherlands succeeded in raising our sales in Europe.

One significant event of the fiscal year was progress with our strategy of making profitability the priority. We sold businesses in the United States, where competition has become fierce, stopped low-margin private brand operations and took other steps for higher earnings.

All of these activities enabled us to achieve our tenth consecutive year of consolidated sales and earnings growth. Furthermore, sales, operating income, ordinary income and net income attributable to shareholders of the parent company all set new records.

The Ariake Group has several core strengths. One is foresight backed by our position as a pioneer in the natural seasonings market. We are also capable of producing large quantities of products with consistently high quality and have outstanding quality and hygiene management skills. A network of production bases in the optimal locations in the world also sets our group apart from competitors. All of these strengths give us a distinctive business model. We will continue to use our capabilities to meet increasing demand in Japan created by the shortage of foodservice professionals, the increasing diversity of preferences regarding food and flavors, and other trends. In other countries, there is growth in demand for ways to prepare meals more efficiently and for the use of natural seasonings due to the widespread interest in healthy life styles. We are determined to become even more competitive as we meet these needs.

As we increase emphasis on profitability, we will be concentrating on growing markets and new businesses. In Asia and Europe, we plan to strengthen channels for the export of ingredients to Japan while raising sales in these regions. Furthermore, in addition to our natural seasoning operations, we plan to start manufacturing and selling consumer processed food products in Asia and Europe.

Our medium to long-term goal is to raise consolidated sales to ¥100 billion. To accomplish this goal, we are aiming for sustained growth by increasing our raw material procurement and production capabilities, conducting rigorous quality and hygiene management activities, and taking other actions to supply safe food products that can be used with confidence.

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 ¥57 per share for the year, an increase of 11 yen from the previous fiscal year. As a result, together with the interim dividend of 20 yen, the annual dividend will be ¥77 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 2019



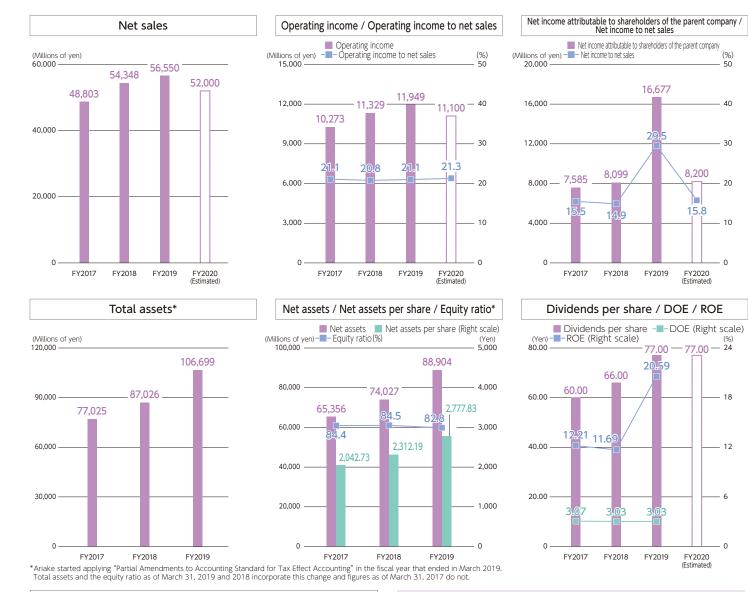


Senior Advisor Kineo Okada

President (CEC 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 tenth consecutive year.



Cash Flows Cash flows from operating activities Cash flows from financing activities 17 5 47 17,316 10 173 9 7 0 4 10.000 7.805 5,000 (1.711 (2,132) (2.340)(2.155) (5.036) 10 000 FY2018 FY2019 FY2017

**Consolidated net sales,** thanks to concerted efforts to increase revenues by maintaining a consistent stance of putting the customer first, and also because of the growth in sales recorded by our overseas subsidiaries, grew by ¥2,202 million (4.1%) year-on-year to ¥56,550 million. As a result, the Ariake Group achieved sales growth for the tenth consecutive year and sales reached an all-time high.

**Consolidated operating income** increased by ¥620 million (5.5%) year-on-year to ¥11,949 million mainly because of sales growth and a reduction in the fixed expenses component of the cost of sales because of cost cutting measures.

Consolidated ordinary income increased by ¥976 million (8.4%) yearon-year to ¥12,546 million.

Net income attributable to shareholders of the parent company increased by ¥8,577 million (105.9%) year-on-year to ¥16,677 million due to the sale of stock of a subsidiary and other reasons.

Earnings at all levels increased for the tenth consecutive year and rose to record highs.

or

ARIAKE Search

Our website contains a variety of information about the Company. http://www.ariakejapan.com/en/

# 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 seven locations as Japan, China, Taiwan, France, Belgium, the Netherlands and Indonesia, we serve the diverse range of needs among our customers worldwide.



Ariake Europe N.V.







# TOPICS

F. P. Natural Ingredients S.A.S.

## Business Operations with Social Contributions

Japan's aging and declining population, growing interest in healthy diets and other trends are creating problems that include a shortage of workers in the restaurant and food production industries. One result is increasing demand for natural seasonings.

The Ariake Group is using its distinctive business model to continue to succeed in this operating environment. Key strengths include the ability to produce large volumes of products with consistently high quality, outstanding quality and hygiene management skills, and a global infrastructure of production bases in optimal locations. This business model backs up the group's leading share of Japan's natural seasoning market and steady growth of sales and earnings.

The Ariake Group is dedicated to using business operations to providing value to customers, both companies and individuals, and society in order to play a role in the advancement of the group as well as society.

Social environment

## Japan Aging and declining population Falling no. of people in household More women with jobs Diversification of food and flavor Interest in healthy living Overseas Interest in healthy living Popularity of Japanese foo Client environment

### Japan Eood and restaurant industry worker shortag Shift from artificial to natural seasonings Overseas Need to improve food preparation efficiency

 Shift from artificial to natural. seasonings

1 Japan Headquarters Shibuya-ku, Tokyo Location Plant Location Kita-Matsuura-gun, Nagasaki Established I June 1966 ¥7.095 million Capital

2 China Company Name QINGDAO ARIAKE FOODSTUFF Co., Ltd. Office Location Qingdao Jiaonan Shandong Province, China Fstahlished December 1994 US\$8.12 million Capital

# 3 Taiwan

Company Name Taiwan Ariake Foods Office Location Pingtung County, Taiwan Established Capital NT\$250 million

# 4 France

Company Name F.P. Natural Ingredients S.A.S. Office Location Alençon, France Established March 2003 Capital €22 million



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ARIAKE ECODSTUEE Co. 1td. No.2 Plan Faiwan Ariake Foods Co., Lt



Ariake Europe Indonesi

### 5 Belgium Company Name ARIAKE JAPAN Co., Ltd. Company Name Ariake Europe N.V. Office Location Maasmechelen, Established January 2004

Capital €54.5 million 6 Netherlands Company Name Henningsen Nederland Office Location Waalwijk, Netherlands Established December 1984

Capital €359 thousand Indonesia

Company Name PT. Ariake Europe Indonesia Office Location West Java, Indonesia Established March 2016 Capital US\$3,725 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

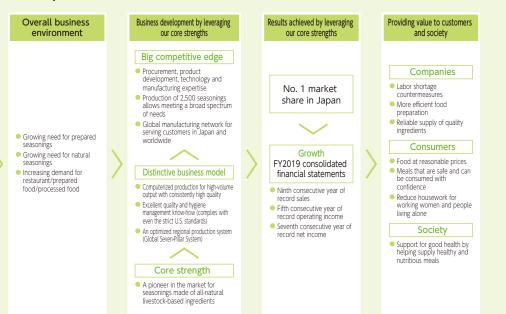
The Ariake Group has established a specific business strategy for individual regions and countries of the world in line with the Ariake Group's business plan. Targets for sales three years from now, which is the fiscal year ending in March 2022, were also set up.

		Res	sult	Plan			
	-	FY2018	FY2019	FY2019 (except U.S.)	FY2020	FY2021	FY2022
	Ariake Japan	39.0	39.2	39.2	40.2	41.2	42.2
Net sales	Consolidated subsidiaries	18.0	19.5	13.7	14.0	15.4	16.6
Net Sales	Adjustment	(2.7)	(2.2)	(3.1)	(2.2)	(2.3)	(2.6)
	Consolidated net sales	54.3	56.6	49.8	52.0	54.3	56.2
	Ariake Japan	7.8	8.3	8.3	8.5	8.7	8.9
Operating income	Consolidated subsidiaries	3.5	3.6	2.0	2.6	2.9	3.2
	Consolidated operating income	11.3	11.9	10.3	11.1	11.6	12.1

### (Billions of yen) Sales Target for Details FY2022 42.2 Japan ARIAKE JAPAN Co., Ltd. Create a new business model QINGDAO ARIAKE FOODSTUFF Co., Ltd. (China) Sales growth deriving from stimulation Taiwan Ariake Foods Co., Ltd. (Taiwan) of latent demand Asia Expanding sales in new markets PT. Ariake Europe Indonesia (Indonesia) 14.0 F. P. Natural Ingredients S.A.S. (France) Use the collective strengths Europe Ariake Europe N.V. (Belgium) of the three locations to increase sales in Europe Henningsen Nederland B.V. (Netherlands) Other

Note: Sales targets for FY2022 are before consolidation adjustments.

### How Ariake uses business operations to create value



## Strategic activities for growth in Europe Participation in a Trade Show in France

Ariake is increasing the pace of strategic activities in Europe in order to make this region a significant market for Ariake products as well as a source of ingredients that are exported to Japan.

To show many people the outstanding quality of Ariake products and increase sales channels, we participate in many trade shows in Europe. One event was the international trade show for restaurant and food service industry that was held in January 2019 in Lyon, France. Visitors to the Ariake booth saw bouillon, fond and stew demonstrations for restaurant and processed food products and received samples.

In expectation of increasing demand in Europe, work is under way in Belgium and France to add production lines at Ariake Group factories.

Ariake participated in SIRHA - The World Hospitality & Food Service Event 2019 that took place from January 26 to 30, 2019 in Lyon, France. Held once every two years, this is the world's largest restaurant and food service trade show. This is a valuable opportunity for food service professionals to gather and to learn about current trends in the food service industry. This year's exhibition attracted about 3,800 companies and brands as well as approximately 230,000 visitors.



### (Billions of yen