

# Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2023

April 1, 2022 to June 30, 2022

## **Calbee, Inc.**

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

# SUMMARY OF FINANCIAL STATEMENTS (consolidated)

First Quarter Results for the Fiscal Year Ending March 31, 2023

Calbee, Inc.

August 2, 2022

URL: <https://www.calbee.co.jp/en/>

Stock exchange listings: Prime Market of Tokyo, code number 2229

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Scheduled date for submission of the first quarter financial report: August 10, 2022

Scheduled date for distribution of dividends: --

Availability of supplementary explanatory material for the first quarter results: Available

Quarterly results presentation meeting: Yes (conference call for institutional investors and analysts)

## 1) Consolidated results for the first three months (April 1, 2022 to June 30, 2022) of the fiscal year ending March 31, 2023

### (1) Consolidated Operating Results

	Three months ended June 30, 2021		Three months ended June 30, 2022	
		% change		% change
Net sales .....	59,896	—	65,323	9.1
Operating profit.....	6,938	5.9	5,363	(22.7)
Ordinary profit.....	7,034	9.7	6,955	(1.1)
Profit attributable to owners of parent.....	4,953	22.3	4,553	(8.1)
Earnings per share (¥).....	37.07		35.26	
Earnings per share (diluted) (¥).....	—		—	

Notes: 1. The percentages shown above are a comparison with the same period in the previous fiscal year.

2. Comprehensive income: Three months ended June 30, 2022: ¥7,882 million (56.1%)

Three months ended June 30, 2021: ¥5,050 million (7.9%)

3. As Calbee applied the "Accounting Standard for Revenue Recognition" (Business Accounting Standards No. 29) from the beginning of the fiscal year ended March 2022, the percentage change in net sales from the same period of the previous fiscal year ended March 2022 is not shown. Assuming that the same accounting standard as before was applied to sales for the first quarter of the fiscal year ended March 2022, the percentage of change from the same period of the previous fiscal year is 4.6%, excluding the impact of the application of this accounting standard.

### (2) Consolidated Financial Position

	As of March 31, 2022	As of June 30, 2022
	Total assets .....	236,598
Net assets .....	183,458	184,991
Shareholders' equity/total assets (%).....	74.1	74.4

Shareholders' equity: As of June 30, 2022: ¥175,876 million

As of March 31, 2022: ¥175,379 million

## 2) Dividends

	FY ended March 31, 2022	FY ending March 31, 2023 (forecast)
	Interim period per share .....	0.00
Year-end dividend per share .....	52.00	52.00
Annual dividend per share.....	52.00	52.00

Note: Changes from the most recently announced dividend forecast: None

## 3) Consolidated forecasts for the fiscal year ending March 31, 2023(April 1, 2022 to March 31, 2023)

	Millions of yen	
		% change
Net sales .....	268,000	9.2
Operating profit.....	25,500	1.4
Ordinary profit.....	25,000	(7.2)
Profit attributable to owners of parent.....	15,500	(14.1)
Earnings per share (¥).....	120.04	

Notes: 1. The percentages shown above are a comparison with the same period in the previous fiscal year.

2. Changes from the most recently announced results forecast: None

## **Notes**

- (1) Transfers of important subsidiaries during the period (transfers of specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Use of special accounting procedures: None
- (3) Changes in accounting policy, changes in accounting estimates, and restatements:
  1. Changes in accounting policies following revisions of accounting standards: None
  2. Changes in accounting policies other than 1: None
  3. Changes in accounting estimates: None
  4. Restatements: None
- (4) Number of outstanding shares (common stock)

	As of March 31, 2022:	As of June 30, 2022:
1. Number of outstanding shares (including treasury shares)	133,929,800 shares	133,929,800 shares
2. Number of treasury shares	4,808,426 shares	4,808,466 shares
	Three months to June 30, 2021:	Three months to June 30, 2022:
3. Average number of shares during the period	133,640,624 shares	129,121,355 shares

Note: Regarding Calbee stock held in trust as treasury stock within shareholders' equity, the number of treasury shares includes 263,265 of these shares as of June 30, 2022 and 263,265 of these shares as of March 31, 2022, and the average number of shares excludes 263,265 treasury shares in the three months to June 30, 2022, and 288,265 treasury shares in the three months to June 30, 2021.

## **Financial Statements are not subject to audit by a certified public accountant or audit firm**

### **Appropriate use of financial forecasts and other items**

1. Forecasts, etc., recorded in this document include forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. For details of forecasts, please see Page 9, 1. Operating results (3) Consolidated forecasts for the fiscal year ending March 31, 2023.
2. The earnings per share forecast for the fiscal year ending March 31, 2023 is calculated using 129,121,334 shares as the expected average number of shares for the period.
3. Calbee, Inc. has scheduled a financial results conference for institutional investors and analysts for August 2, 2022. An audio recording of the conference will be made available on our Japanese website after the conference.

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## 1. Operating results

### (1) Summary of business performance

(All comparisons are with the same period of the previous fiscal year, unless stated otherwise.)

Net sales for the first quarter of the current fiscal year were ¥65,323 million (up 9.1%), driven by contributions from overseas business. Sales in the domestic business were ¥48,233 million (up 3.8%). Convenience store and gift snack item sales recovered with the relaxation of COVID restrictions aimed at normalizing socio-economic activities. This was achieved despite the significant impact of restrained sales promotional activities and revision of product launch schedules on a shortage of Hokkaido-grown potatoes due to last year's high temperatures and drought. Sales in the overseas business were ¥17,090 million (up 27.2%), driven by sales growth in North America, where we expanded sales of bean-based snack *Harvest Snaps*, and Greater China, which grew as economic activities resumed following the lifting of lockdowns.

Operating profit was ¥5,363 million (down 22.7%), and operating margin was 8.2%, a decrease of 3.4 percentage points as contributions from price and content revisions both domestically and overseas and increased sales could not offset the negative impact of rising raw material costs (cooking oils, imported potatoes, etc.) and energy costs. Ordinary profit was ¥6,955 million (down 1.1%), influenced by the recording of foreign exchange gains, and profit attributable to owners of parent was ¥4,553 million (down 8.1%).

Results by business are as follows.

*Millions of yen, rounded down*

	Q1 FY ended March 31, 2022	Q1 FY ending March 31, 2023	
	Amount	Amount	Growth (%)
Domestic production and sale of snack and other foods business	46,456	48,233	+3.8
Domestic snack foods	42,857	43,972	+2.6
Domestic cereals	6,629	6,648	+0.3
Domestic, others	2,775	2,865	+3.2
Deduction of rebates, etc.	(5,806)	(5,253)	—
Overseas production and sale of snack and other foods business	13,439	17,090	+27.2
Total, production and sale of snack and other foods business	59,896	65,323	+9.1

\* Sales of "Domestic snack foods", "Domestic cereals" and "Domestic, others" are before deduction of rebates, etc.

### Production and sale of snack and other foods business

Sales in the production and sale of snack and other foods business increased on growth in both the domestic and overseas businesses.

### Domestic production and sale of snack and other foods business

• Domestic snack foods:

Domestic snack foods sales increased.

Sales of domestic snack foods by product are as follows.

*Millions of yen, rounded down*

	Q1 FY ended March 31, 2022	Q1 FY ending March 31, 2023	
	Amount	Amount	Growth (%)
<i>Potato Chips</i>	19,605	19,440	(0.8)
<i>Jagarico</i>	9,019	9,536	+5.7
Products with new value / other snacks	14,232	14,995	+5.4
Total, domestic snack foods	42,857	43,972	+2.6

\* Net sales by product are before deduction of rebates, etc.

\*\* "Potato-based snacks (*Jagabee / Jaga Pokkuru*)", "Flour-based snacks", "Corn-and bean-based snacks" and "Other snacks", which had been presented separately until the previous fiscal year, have been included in "Products with new value / other snacks" from this fiscal year. The figures for the previous fiscal year have also been reclassified accordingly.

- Demand for *Potato Chips* remained strong even after the implementation of price and content revisions from January 2022, but sales decreased. This was mainly due to prolonged restraint in sales promotion activities and a revision of the launch schedule for some products due to a reduced harvest of Hokkaido-grown potatoes.
- Sales of *Jagarico* increased due to strong sales of L-size and limited time products at convenience stores against the backdrop of increased demand related to outings on the relaxation of COVID restrictions.
- Sales of products with new value / other snacks increased, due in part to a shift in consumer spending on the impact of restrained sales promotions for *Potato Chips*. Corn-and bean-based snacks saw the introduction of new products contribute to sales. In addition, sales of gift snack items such as *Jaga Pokkuru* rose sharply due to a recovery in domestic travel demand and success in proactive expansion at events and product exhibitions.

• Domestic cereals:

Sales of domestic cereals were flat at ¥6,648 million (up 0.3%), due to factors including the introduction of new *Baked Oats* to meet rising demand for oatmeal and growth in sales of products exported to Taiwan, despite sluggish sales of products for children.

• Domestic, others:

Sales in other domestic businesses were ¥2,865 million (up 3.2%), due to firm sales in the wholesale sweet potato business.

### Overseas production and sale of snack and other foods business

Sales increased in the overseas production and sale of snack and other foods business.

Sales in the overseas production and sale of snack and other foods business by region are as follows.

Millions of yen, rounded down

	Q1 FY ended March 31, 2022	Q1 FY ending March 31, 2023		
	Amount	Amount	Growth (%)	Growth on local currency basis (%)
North America	3,974	5,588	+40.6	+19.9
Greater China*	4,200	5,637	+34.2	+17.0
Other regions**	6,915	8,190	+18.4	+7.9
Deduction of rebates, etc.	(1,651)	(2,326)	—	—
Total, overseas production and sale of snack and other foods business	13,439	17,090	+27.2	+12.4

\* Greater China: China and Hong Kong.

\*\* Other regions: United Kingdom, Indonesia, South Korea, Thailand, Singapore and Australia.

\*\*\* Net sales by region are before deduction of rebates, etc.

\*\*\*\* The United Kingdom and Indonesia, which had been presented separately until the previous fiscal year, have been included in "Other regions" from this fiscal year. The figures for the previous fiscal year have been reclassified.

- In North America, sales of bean-based snack *Harvest Snaps* increased due to expanded sales at major customers, supermarkets, and dollar store channels. There was also growth in sales of *Jagarico* and other products for ethnic foods areas.

- In Greater China, sales increased due to growth in both snack foods and cereals. In snack foods, sales of *Honey Butter Chip* and *Jagabee* were strong in both e-commerce and retail channels. Sales of cereals increased due to factors including proactive sales expansion of *Frugra Less Carbohydrates*.

- In Other regions, the United Kingdom and Indonesia drove higher sales. In the United Kingdom, sales grew due to factors such as price and content revisions of *Potato Chips*, and their expanded shipping to supermarkets. In Indonesia, in addition to growth in *Potato Chips*, sales of four-layered snack food *Guribee* were strong.

## **(2) Analysis of financial position**

(All comparisons are with the end of the previous fiscal year, unless stated otherwise.)

### 1. Overview of assets, liabilities and net assets

Total assets as of June 30, 2022 decreased by ¥126 million to ¥236,472 million, mainly due to a decrease in cash and deposits, despite an increase in inventories in overseas business.

Liabilities decreased by ¥1,659 million to ¥51,481 million on a decrease in income taxes payable resulting from tax return payments.

Net assets increased by ¥1,533 million to ¥184,991 million due to an increase in foreign currency translation adjustments resulting from changes in foreign currency exchange rates.

As a result, the shareholders' equity ratio was 74.4%, up 0.3 percentage points.

### 2. Overview of cash flows

Cash and cash equivalents as of June 30, 2022 were ¥50,868 million, an increase of ¥1,197 million.

#### Cash flows from operating activities

Operating activities resulted in a net cash inflow of ¥4,831 million, a decrease of ¥332 million. This was primarily due to an increase in accounts payable-other due to an increase in selling expenses, offset by an increase in inventories due to a potato shortage in the previous year, and an increase in foreign exchange gains on the depreciation of the yen.

#### Cash flows from investing activities

Investing activities resulted in a net cash inflow of ¥1,135 million, a decrease of ¥15,956 million. This was mainly due to a decrease in proceeds from redemption of securities.

#### Cash flows from financing activities

Financing activities resulted in a net cash outflow of ¥6,084 million, a decrease of ¥2,131 million. This was mainly due to the absence of payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation related to the purchase of additional shares of Warnock Food Products, Inc., which was conducted in the same period of the previous fiscal year.



### Information pertaining to financial resources and capital liquidity

- Developments in demand for capital

Calbee Group's capital needs for operating activities include expenditures for costs related to manufacturing, such as raw materials, labor and production expenses, and expenditures for sales activities, such as selling, labor, distribution, etc. Expenditures for investing activities are primarily for capital investment and growth investment, and expenditures for financing activities are primarily for capital needs related to payment of dividends by the parent company.

With regard to these capital needs, we plan to allocate the sum of cash flows from operating activities forecast for the five years from FY2020/3 to FY2024/3 and cash on hand, etc., based on the medium-term business plan.

#### Details of capital needs

Capital investment: Sustainable growth in and improving productivity of existing businesses and strengthening our overseas manufacturing structure.

Growth investment: New businesses, DX, M&A, etc., to acquire a foundation for growth.

Shareholder returns: Aim for total return ratio over 50% and DOE4% on a consolidated basis.

The status of cash outlays as of the end of first quarter of the current fiscal year under review is as follows.

*Millions of yen, rounded down*

	FY ended March 31, 2020	FY ended March 31, 2021	FY ended March 31, 2022	Q1 FY ending March 31, 2023	Medium-term business plan	Progress (%)
Capital investment	8,751	11,205	12,123	2,635	60,000	57.9
Growth investment	7,558	13,330	1,492	162	80,000	28.2
Shareholder returns	6,425	6,693	18,691	6,571	50,000	76.8
Total	22,735	31,229	32,307	9,370	190,000	50.3

- Fund-raising methods

In principle, Calbee Group raises funds by using cash from operating activities, and temporary shortages of funds are generally financed by short-term borrowings from financial institutions. We and our domestic consolidated subsidiaries have introduced a cash management system (CMS) to centrally manage funds within the Calbee Group, thereby managing surplus funds, securing liquidity and improving funding efficiency. In addition, Calbee has entered into overdraft agreements with several financial institutions with the aim of further supplementing our liquidity, and we recognize that we have sufficient liquidity to fund our business operations.

### **(3) Consolidated forecasts**

There is no change in the consolidated forecasts for the fiscal year ending March 31, 2023 announced on May 10, 2022.

## 2. Consolidated financial statements and key notes

### (1) Consolidated balance sheets

Millions of yen, rounded down

	As of March 31, 2022	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	35,005	32,222
Notes and accounts receivable - trade	32,582	32,331
Securities	23,999	23,999
Inventories	18,001	20,024
Other	5,588	5,285
Allowance for doubtful accounts	(6)	(12)
Total current assets	115,171	113,851
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,020	34,599
Machinery, equipment and vehicles, net	33,824	33,342
Land	11,977	12,121
Construction in progress	1,255	2,117
Other, net	1,901	1,943
Total property, plant and equipment	82,979	84,123
Intangible assets		
Goodwill	23,550	23,916
Other	2,529	2,534
Total intangible assets	26,079	26,450
Investments and other assets		
Investments and other assets, gross	12,369	12,048
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	12,368	12,046
Total non-current assets	121,427	122,621
Total assets	236,598	236,472

	As of March 31, 2022	As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,849	12,796
Short-term borrowings	1,447	1,634
Income taxes payable	4,242	1,719
Provision for bonuses	4,625	2,153
Provision for bonuses for directors (and other officers)	93	63
Provision for share-based remuneration	45	45
Other	19,955	22,067
Total current liabilities	42,259	40,480
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	334	307
Provision for share-based remuneration for directors (and other officers)	323	324
Retirement benefit liability	8,049	7,995
Asset retirement obligations	749	751
Other	1,424	1,621
Total non-current liabilities	10,881	11,000
Total liabilities	53,140	51,481
<b>Net assets</b>		
Shareholders' equity		
Share capital	12,046	12,046
Capital surplus	3,232	3,232
Retained earnings	170,284	168,110
Treasury shares	(12,959)	(12,959)
Total shareholders' equity	172,604	170,429
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	436	410
Foreign currency translation adjustment	3,232	5,962
Remeasurements of defined benefit plans	(893)	(925)
Total accumulated other comprehensive income	2,775	5,446
Non-controlling interests	8,078	9,115
Total net assets	183,458	184,991
Total liabilities and net assets	236,598	236,472

**(2) Consolidated statements of income and comprehensive income**  
**Consolidated statements of income**

	<i>Millions of yen, rounded down</i>	
	April 1, 2021 to June 30, 2021	April 1, 2022 to June 30, 2022
Net sales	59,896	65,323
Cost of sales	38,687	44,197
Gross profit	21,208	21,126
Selling, general and administrative expenses	14,269	15,763
Operating profit	6,938	5,363
Non-operating income		
Interest income	22	26
Dividend income	18	19
Share of profit of entities accounted for using equity method	7	3
Foreign exchange gains	41	1,559
Gain on sale of goods	38	8
Other	19	45
Total non-operating income	147	1,662
Non-operating expenses		
Interest expenses	21	26
Depreciation	25	25
Other	4	19
Total non-operating expenses	51	70
Ordinary profit	7,034	6,955
Extraordinary income		
Gain on sales of non-current assets	0	5
Subsidies income	1	51
Subsidy income related to COVID-19	—	28
Gain on sales of investment securities	44	—
Other	2	0
Total extraordinary income	48	85
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	41	123
Loss on business restructuring	34	—
Other	11	0
Total extraordinary losses	87	124
Profit before income taxes	6,995	6,916
Income taxes - current	1,263	1,548
Income taxes - deferred	665	688
Total income taxes	1,929	2,237
Profit	5,065	4,679
Profit attributable to non-controlling interests	112	125
Profit attributable to owners of parent	4,953	4,553

## Consolidated statements of comprehensive income

	<i>Millions of yen, rounded down</i>	
	April 1, 2021 to June 30, 2021	April 1, 2022 to June 30, 2022
Profit	5,065	4,679
Other comprehensive income		
Valuation difference on available-for-sale securities	76	(26)
Foreign currency translation adjustment	(47)	3,262
Remeasurements of defined benefit plans, net of tax	(44)	(32)
Total other comprehensive income	(14)	3,203
Comprehensive income	5,050	7,882
Comprehensive income attributable to		
Owners of parent	4,949	7,224
Non-controlling interests	101	658

**(3) Consolidated statements of cash flows***Millions of yen, rounded down*

	April 1, 2021 to June 30, 2021	April 1, 2022 to June 30, 2022
Cash flows from operating activities		
Profit before income taxes	6,995	6,916
Depreciation	2,212	2,442
Amortization of goodwill	451	476
Increase (decrease) in allowance for doubtful accounts	7	5
Increase (decrease) in provision for bonuses	(2,953)	(2,485)
Increase (decrease) in provision for bonuses for directors (and other officers)	(36)	(31)
Increase (decrease) in provision for share-based remuneration for directors	29	1
Increase (decrease) in retirement benefit liability	(239)	(101)
Decrease (increase) in retirement benefit asset	(55)	(54)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(40)	(27)
Interest and dividend income	(41)	(46)
Interest expenses	21	26
Foreign exchange losses (gains)	(641)	(1,438)
Subsidies income	(1)	—
Share of loss (profit) of entities accounted for using equity method	(7)	(3)
Loss (gain) on sales of investment securities	(35)	—
Loss (gain) on sales of non-current assets	(0)	(4)
Loss on retirement of non-current assets	41	123
Decrease (increase) in trade receivables	521	1,045
Decrease (increase) in inventories	(344)	(1,555)
Increase (decrease) in trade payables	987	511
Increase (decrease) in accounts payable - other	(2,008)	(521)
Other, net	4,767	3,501
Subtotal	9,629	8,781
Interest and dividends received	30	38
Interest paid	(9)	(20)
Income taxes paid	(4,487)	(3,968)
Net cash provided by (used in) operating activities	5,163	4,831

	April 1, 2021 to June 30, 2021	April 1, 2022 to June 30, 2022
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,730)	(2,559)
Proceeds from sales of property, plant and equipment	0	4
Purchase of intangible assets	(232)	(239)
Purchase of securities	(5,000)	(5,000)
Proceeds from redemption of securities	25,900	9,000
Purchase of investment securities	(1)	(92)
Proceeds from sales of investment securities	120	—
Loan advances	(100)	—
Collection of loans receivable	120	—
Payments into time deposits	(292)	(340)
Proceeds from withdrawal of time deposits	292	339
Payments of guarantee deposits	(8)	(9)
Proceeds from refund of guarantee deposits	18	28
Proceeds from subsidy income	1	—
Other, net	4	3
Net cash provided by (used in) investing activities	17,091	1,135
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(200)	100
Repayments of long-term borrowings	(30)	—
Purchase of treasury shares	—	(0)
Proceeds from share issuance to non-controlling shareholders	461	445
Dividends paid	(6,540)	(6,571)
Dividends paid to non-controlling interests	(14)	(16)
Repayments of lease obligations	(10)	(41)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,882)	—
Net cash provided by (used in) financing activities	(8,216)	(6,084)
Effect of exchange rate change on cash and cash equivalents	25	1,315
Net increase (decrease) in cash and cash equivalents	14,064	1,197
Cash and cash equivalents at beginning of period	47,282	49,670
Cash and cash equivalents at end of period	61,347	50,868

#### **(4) Notes to consolidated financial statements**

(Notes related to going concern assumption)

No applicable items.

(Notes on occurrence of significant changes to shareholders' equity)

No applicable items.

(Subsequent events)

No applicable items.