

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2024

April 1, 2023 to June 30, 2023

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, 2024

Calbee, Inc.

August 3, 2023

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, 2023

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, 2023 to June 30, 2023) of the fiscal year ending March 31, 2024

(1) Consolidated Operating Results

Millions of yen, rounded down

	Three months ended June 30, 2022		Three months ended June 30, 2023	
	Amount	% change	Amount	% change
Net sales	65,323	9.1	73,156	12.0
Operating profit.....	5,363	(22.7)	7,244	35.1
Ordinary profit.....	6,955	(1.1)	9,444	35.8
Profit attributable to owners of parent.....	4,553	(8.1)	6,252	37.3
Earnings per share (¥).....	35.26		50.05	
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, 2023: ¥9,999 million (26.9%)

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

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of March 31, 2023	As of June 30, 2023
Total assets	239,095	250,596
Net assets	182,686	186,470
Shareholders' equity/total assets (%)	72.8	70.6

Shareholders' equity: As of June 30, 2023: ¥176,891 million

As of March 31, 2023: ¥174,112 million

2) Dividends

Yen

	FY ended March 31, 2023	FY ending March 31, 2024 (forecast)
Interim period per share	0.00	0.00
Year-end dividend per share	52.00	54.00
Annual dividend per share.....	52.00	54.00

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

3) Consolidated forecasts for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

Millions of yen

	Amount	% change
Net sales	293,000	4.9
Operating profit.....	24,000	7.9
Ordinary profit.....	23,500	0.2
Profit attributable to owners of parent.....	15,000	1.5
Earnings per share (¥).....	120.07	

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): Yes
New companies: None Excluded companies: 1 (Calbee North America, LLC)
- (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, 2023:	As of June 30, 2023:
1. Number of outstanding shares (including treasury shares)	133,929,800 shares	133,929,800 shares
2. Number of treasury shares	9,005,241 shares	8,998,256 shares
	Three months to June 30, 2022:	Three months to June 30, 2023:
3. Average number of shares during the period	129,121,355 shares	124,926,999 shares

Note: Regarding Calbee stock held in trust as treasury stock within shareholders' equity, the number of treasury shares includes 235,845 of these shares as of June 30, 2023 and 242,865 of these shares as of March 31, 2023, and the average number of shares excludes 240,396 treasury shares in the three months to June 30, 2023, and 263,265 treasury shares in the three months to June 30, 2022.

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 8, 1. Operating results (3) Consolidated forecasts for the fiscal year ending March 31, 2024.
2. The earnings per share forecast for the fiscal year ending March 31, 2024 is calculated using 124,930,414 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 3, 2023. 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 totaled ¥73,156 million (up 12%), driven by contributions from the domestic business. Sales in the domestic business were ¥55,201 million (up 14.4%). This was due to the effect of price and content revisions, as well as growth in gift snack items and highly portable products such as snack cups on an increase in people flows. The lack of the prior year's sales adjustments from the potato shortage in the first half of last year also contributed to the increase in sales. Sales in the overseas business were ¥17,955 million (up 5.1%) due to factors including the consolidation of Greenday Global Co., Ltd. (which manufactures and sells snacks) in Thailand from July of the previous year, the effect of price and content revisions, and sales expansion of snack foods on the recovery in people flows and expansion of distribution.

Operating profit was ¥7,244 million (up 35.1%), and operating margin was 9.9%, an increase of 1.7 percentage points. Higher sales volume and the effect of price and content revisions absorbed ongoing cost increases in raw materials and energy costs, resulting in an increase in profit. Ordinary profit was ¥9,444 million (up 35.8%), influenced by the recording of foreign exchange gains, and profit attributable to owners of parent was ¥6,252 million (up 37.3%).

Results by business are as follows.

Millions of yen, rounded down

	Q1 FY ended March 31, 2023	Q1 FY ending March 31, 2024	
	Amount	Amount	Growth (%)
Domestic production and sale of snack and other foods business	48,233	55,201	+14.4
Domestic snack foods	43,972	51,146	+16.3
Domestic cereals	6,648	6,655	+0.1
Domestic, others	2,865	3,262	+13.9
Deduction of rebates, etc.	(5,253)	(5,862)	—
Overseas production and sale of snack and other foods business	17,090	17,955	+5.1
Total, production and sale of snack and other foods business	65,323	73,156	+12.0

* 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 by product are as follows.

Millions of yen, rounded down

	Q1 FY ended March 31, 2023	Q1 FY ending March 31, 2024	
	Amount	Amount	Growth (%)
<i>Potato Chips</i>	19,440	22,920	+17.9
<i>Jagarico</i>	9,536	10,489	+10.0
Other snacks	14,995	17,736	+18.3
Total, domestic snack foods	43,972	51,146	+16.3

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

** The category "Snack food products with new value / other snacks" was renamed "Other snacks" from the current period.

- Sales of *Potato Chips* increased on strong demand for regular items such as *Usu-Shio-Aji* and *Kataage Potato*, as well as contributions from limited-time products.
- Sales of *Jagarico* increased on expansion sales of regular items from rising demand related to outings and successful promotions with limited-time packages.
- Sales of other snacks increased due to growth in gift snack items such as *Jaga-Pokkuru*, reflecting a rebound in domestic travel and inbound tourism demand, as well as steady sales of flour-based snacks.

• Domestic cereals:

Sales of domestic cereals were ¥6,655 million (up 0.1%), as sales of original *Frugra*, *Frugra Less Carbohydrates*, and other products maintained the previous year's performance, despite a downward trend in the overall cereal market.

• Domestic, others:

Sales in other domestic businesses were ¥3,262 million (up 13.9%), on strong 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 by region are as follows.

Millions of yen, rounded down

	Q1 FY ended March 31, 2023	Q1 FY ending March 31, 2024		
	Amount	Amount	Growth (%)	Growth on local currency basis (%)
North America	5,588	5,669	+1.4	(5.2)
Greater China	5,637	5,108	(9.4)	(10.6)
Other regions	8,190	9,567	+16.8	+11.9
Deduction of rebates, etc.	(2,326)	(2,390)	—	—
Total, overseas production and sale of snack and other foods business	17,090	17,955	+5.1	+0.5

* 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.

• In North America, sales decreased on a local currency basis due to a decline in sales of snack foods contract manufacturing, despite the effect of revisions to bean-based snack *Harvest Snaps*, and increased demand for products from Japan such as *Kappa-Ebisen*.

• In Greater China, sales of both snack foods and cereals decreased. This was impacted by factors including large e-commerce demand during lockdowns in the first quarter of the previous year, as well as a temporary decline in orders due to inventory adjustments.

• In Other regions, sales increased due to growth in the UK, Indonesia and Thailand. In the UK, expanded distribution of Seabrook brand *Potato Chips* and the launch of new product *Crinkles* contributed. In Indonesia, sales of *Potato Chips* and four-layer snack *Guribee* grew. In Thailand, a recovery in people flows led to expanded sales of flour-based snacks and other products.

(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, 2023 increased by ¥11,500 million to ¥250,596 million, mainly due to an increase in cash and deposits resulting from operating income and an increase in property, plant and equipment. The main reasons for the increase in property, plant and equipment were the construction of new *Jagarico* manufacturing facilities and a new plant in Hiroshima.

Liabilities increased by ¥7,716 million to ¥64,125 million on an increase in short-term borrowings.

Net assets increased by ¥3,784 million to ¥186,470 million due to an increase in foreign currency translation adjustments resulting from the depreciation of the yen.

As a result, the shareholders' equity ratio was 70.6%, down 2.2 percentage points.

2. Overview of cash flows

Cash and cash equivalents as of June 30, 2023 were ¥37,175 million, an increase of ¥6,882 million.

Cash flows from operating activities

Operating activities resulted in a net cash inflow of ¥7,796 million, an increase of ¥2,965 million, mainly due to an increase in profit before income taxes.

Cash flows from investing activities

Investing activities resulted in a net cash outflow of ¥6,332 million, an increase of ¥7,467 million, mainly due to an increase in expenditures for the purchase of property, plant and equipment and a decrease in proceeds from redemption of securities.

Cash flows from financing activities

Financing activities resulted in a net cash inflow of ¥4,137 million, an increase of ¥10,222 million, mainly due to a net increase in short-term borrowings.

Information pertaining to financial resources and capital liquidity

· Developments in capital requirements

Calbee Group's capital requirements for operating activities include expenditures for costs related to manufacturing, such as raw materials, labor and production expenses, and 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 requirements related to the payment of dividends by the parent company.

In response to these capital requirements, based on our Change 2025 growth strategy we plan to allocate cash flows from operating activities to be generated over the three-year period from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026, cash on hand and borrowings.

Details of capital requirements

Growth investment: Capital investment for growing domestic and overseas business, investment in new areas, M&A for strengthening overseas bases, etc.

Efficiency investment: Support for ESG, capital investment in areas including automation/labor-saving, to raise productivity

Shareholder returns: Aim for total return ratio over 50% and DOE 4% on a consolidated basis

The status of cash outlays as of June 30, 2023 is as follows.

Millions of yen, rounded down

	Q1 FY ending March 31, 2024	3-year plan	Progress (%)
Growth investment	2,111	80,000	2.6
Efficiency investment	4,301	60,000	7.2
Shareholder returns	6,378	25,000	25.5
Total	12,791	165,000	7.8

* 3-year plan: period from FY ending March 31, 2024 to FY ending March 31, 2026

- Fund-raising methods

In principle, Calbee Group raises funds by using borrowings from financial institutions in addition to cash provided by operating activities. We and our domestic consolidated subsidiaries have introduced a cash management system (CMS) to centrally manage funds within the Group, thereby centrally 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, 2024 announced on May 9, 2023.

2. Consolidated financial statements and key notes

(1) Consolidated balance sheets

Millions of yen, rounded down

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	32,167	39,085
Notes and accounts receivable - trade	37,121	35,951
Inventories	23,352	23,814
Other	6,439	5,653
Allowance for doubtful accounts	(110)	(122)
Total current assets	<u>98,970</u>	<u>104,382</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,574	35,048
Machinery, equipment and vehicles, net	31,758	31,721
Land	16,330	16,502
Construction in progress	16,796	21,193
Other, net	2,074	2,182
Total property, plant and equipment	<u>101,533</u>	<u>106,648</u>
Intangible assets		
Goodwill	23,222	23,738
Other	2,709	2,703
Total intangible assets	<u>25,932</u>	<u>26,441</u>
Investments and other assets		
Investments and other assets, gross	12,659	13,125
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	<u>12,658</u>	<u>13,124</u>
Total non-current assets	<u>140,124</u>	<u>146,214</u>
Total assets	<u>239,095</u>	<u>250,596</u>

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,553	13,245
Short-term borrowings	1,290	11,706
Income taxes payable	3,702	2,440
Provision for bonuses	5,398	2,524
Provision for bonuses for directors (and other officers)	99	55
Provision for share-based remuneration	37	37
Other	21,581	23,275
Total current liabilities	45,663	53,286
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	323	283
Provision for share-based remuneration for directors (and other officers)	297	302
Retirement benefit liability	7,523	7,355
Asset retirement obligations	748	750
Other	1,853	2,148
Total non-current liabilities	10,745	10,839
Total liabilities	56,408	64,125
Net assets		
Shareholders' equity		
Share capital	12,046	12,046
Capital surplus	3,242	3,242
Retained earnings	178,329	178,072
Treasury shares	(24,886)	(24,861)
Total shareholders' equity	168,730	168,500
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	488	576
Foreign currency translation adjustment	5,225	8,190
Remeasurements of defined benefit plans	(332)	(375)
Total accumulated other comprehensive income	5,381	8,391
Non-controlling interests	8,574	9,579
Total net assets	182,686	186,470
Total liabilities and net assets	239,095	250,596

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

	<i>Millions of yen, rounded down</i>	
	April 1, 2022 to June 30, 2022	April 1, 2023 to June 30, 2023
Net sales	65,323	73,156
Cost of sales	44,197	48,747
Gross profit	21,126	24,408
Selling, general and administrative expenses	15,763	17,164
Operating profit	5,363	7,244
Non-operating income		
Interest income	26	73
Dividend income	19	23
Share of profit of entities accounted for using equity method	3	37
Foreign exchange gains	1,559	2,029
Other	53	115
Total non-operating income	1,662	2,278
Non-operating expenses		
Interest expenses	26	48
Depreciation	25	20
Other	19	8
Total non-operating expenses	70	77
Ordinary profit	6,955	9,444
Extraordinary income		
Gain on sales of non-current assets	5	0
Subsidies income	51	—
Subsidy income related to COVID-19	28	—
Other	0	0
Total extraordinary income	85	0
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	123	43
Other	0	0
Total extraordinary losses	124	43
Profit before income taxes	6,916	9,401
Income taxes - current	1,548	2,228
Income taxes - deferred	688	750
Total income taxes	2,237	2,979
Profit	4,679	6,422
Profit attributable to non-controlling interests	125	169
Profit attributable to owners of parent	4,553	6,252

Consolidated statements of comprehensive income

	<i>Millions of yen, rounded down</i>	
	April 1, 2022 to June 30, 2022	April 1, 2023 to June 30, 2023
Profit	4,679	6,422
Other comprehensive income		
Valuation difference on available-for-sale securities	(26)	87
Foreign currency translation adjustment	3,262	3,532
Remeasurements of defined benefit plans, net of tax	(32)	(43)
Total other comprehensive income	3,203	3,577
Comprehensive income	7,882	9,999
Comprehensive income attributable to		
Owners of parent	7,224	9,262
Non-controlling interests	658	737

(3) Consolidated statements of cash flows

Millions of yen, rounded down

	April 1, 2022 to June 30, 2022	April 1, 2023 to June 30, 2023
Cash flows from operating activities		
Profit before income taxes	6,916	9,401
Depreciation	2,442	2,528
Amortization of goodwill	476	508
Increase (decrease) in allowance for doubtful accounts	5	3
Increase (decrease) in provision for bonuses	(2,485)	(2,888)
Increase (decrease) in provision for bonuses for directors (and other officers)	(31)	(46)
Increase (decrease) in provision for share-based remuneration for directors	1	30
Increase (decrease) in retirement benefit liability	(101)	(248)
Decrease (increase) in retirement benefit asset	(54)	(59)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(27)	(39)
Interest and dividend income	(46)	(96)
Interest expenses	26	48
Foreign exchange losses (gains)	(1,438)	(1,993)
Share of loss (profit) of entities accounted for using equity method	(3)	(37)
Loss (gain) on sales of non-current assets	(4)	0
Loss on retirement of non-current assets	123	43
Decrease (increase) in trade receivables	1,045	2,025
Decrease (increase) in inventories	(1,555)	21
Increase (decrease) in trade payables	511	(687)
Increase (decrease) in accounts payable - other	(521)	(879)
Other, net	3,501	3,528
Subtotal	8,781	11,164
Interest and dividends received	38	95
Interest paid	(20)	(48)
Income taxes paid	(3,968)	(3,415)
Net cash provided by (used in) operating activities	4,831	7,796

Millions of yen, rounded down

	April 1, 2022 to June 30, 2022	April 1, 2023 to June 30, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,559)	(6,217)
Proceeds from sales of property, plant and equipment	4	0
Purchase of intangible assets	(239)	(195)
Purchase of securities	(5,000)	—
Proceeds from redemption of securities	9,000	—
Purchase of investment securities	(92)	(1)
Payments into time deposits	(340)	(1,043)
Proceeds from withdrawal of time deposits	339	1,128
Payments of guarantee deposits	(9)	(11)
Proceeds from refund of guarantee deposits	28	7
Other, net	3	1
Net cash provided by (used in) investing activities	1,135	(6,332)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	100	10,300
Purchase of treasury shares	(0)	(0)
Proceeds from share issuance to non-controlling shareholders	445	279
Dividends paid	(6,571)	(6,378)
Dividends paid to non-controlling interests	(16)	(15)
Repayments of lease obligations	(41)	(48)
Net cash provided by (used in) financing activities	(6,084)	4,137
Effect of exchange rate change on cash and cash equivalents	1,315	1,281
Net increase (decrease) in cash and cash equivalents	1,197	6,882
Cash and cash equivalents at beginning of period	49,670	30,292
Cash and cash equivalents at end of period	50,868	37,175

(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.