

# Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2021

April 1, 2020 to December 31, 2020

## 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)

Third Quarter Results for the Fiscal Year Ending March 31, 2021

Calbee, Inc.

January 28, 2021

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

Stock exchange listings: Tokyo 1<sup>st</sup> section, code number 2229

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Scheduled date for submission of the third quarter financial report: February 10, 2021

Scheduled date for distribution of dividends: --

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

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

## 1) Consolidated results for the first nine months (April 1, 2020 to December 31, 2020) of the fiscal year ending March 31, 2021

### (1) Consolidated Operating Results

Millions of yen, rounded down

	Nine months ended December 31, 2019		Nine months ended December 31, 2020	
		% change		% change
Net sales .....	192,104	2.7	201,203	4.7
Operating profit.....	21,879	7.0	21,841	(0.2)
Ordinary profit.....	21,762	4.4	21,401	(1.7)
Profit attributable to owners of parent.....	14,680	(2.3)	14,048	(4.3)
Earnings per share (¥).....	109.83		105.11	
Earnings per share (diluted) (¥).....	109.82		—	

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

2. Comprehensive income: Nine months ended December 31, 2020: ¥14,555 million (0.5%)

Nine months ended December 31, 2019: ¥14,487 million (-4.3%)

### (2) Consolidated Financial Position

Millions of yen, rounded down

	As of March 31, 2020	As of December 31, 2020
Total assets .....	214,967	229,795
Net assets .....	169,632	177,545
Shareholders' equity/total assets (%).....	75.9	74.1

Shareholders' equity: As of December 31, 2020: ¥170,384 million

As of March 31, 2020: ¥163,242 million

## 2) Dividends

Yen

	FY ended March 31, 2020	FY ending March 31, 2021 (forecast)
Interim period per share .....	0.00	0.00
Year-end dividend per share .....	50.00	50.00
Annual dividend per share.....	50.00	50.00

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

## 3) Consolidated forecasts for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

Millions of yen

		% change
Net sales .....	265,000	3.5
Operating profit.....	26,500	(4.2)
Ordinary profit.....	26,000	(5.1)
Profit attributable to owners of parent.....	16,200	(7.6)
Earnings per share (¥).....	121.22	

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, 2020:	As of December 31, 2020:
1. Number of outstanding shares (including treasury shares)	133,929,800 shares	133,929,800 shares
2. Number of treasury shares	254,501 shares	289,176 shares
	Nine months to December 31, 2019:	Nine months to December 31, 2020:
3. Average number of shares during the period	133,667,228 shares	133,656,967 shares

Note: Regarding Calbee stock held in trust as treasury stock within shareholders' equity, the number of treasury shares includes 288,265 of these shares as of December 31, 2020 and 253,590 of these shares as of March 31, 2020, and the average number of shares excludes 271,921 treasury shares in the nine months to December 31, 2020, and 259,405 treasury shares in the nine months to December 31, 2019.

**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, 2021.
2. The earnings per share forecast for the fiscal year ending March 31, 2021 is calculated using 133,640,624 shares as the expected average number of shares for the period.
3. Calbee, Inc. has scheduled a financial results phone conference for institutional investors and analysts for January 28, 2021. 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 during the nine-month period of the fiscal year ending March 31, 2021 (April 1, 2020 to December 31, 2020) increased 4.7% year on year to ¥201,203 million. In the overseas business, in addition to contributions of Warnock Food Products, Inc. (hereinafter, "Warnock"), that has become consolidated in November 2019, sales expansion of snacks and cereals in the Greater China contributed to an increase in sales. In the domestic business, sales of gift snack items decreased due to a decline of inbound tourists and domestic tourists. On the other hand, demand for cereals as preserved foods increased amid a decline in outing opportunity in response to the COVID-19 pandemic. In addition, the acquisition of Potato Kaitsuka Co.Ltd. (hereinafter, "Potato Kaitsuka") in April 2020 contributed to an increase in sales. As a result, domestic sales increased year on year.

Operating profit decreased 0.2% to ¥21,841 million, and operating margin was 10.9%, a deterioration of 0.5 percentage points. Operating profit remained flat year on year due to the lower sales of high-value-added gift snack items negatively affected on profit, despite contributions in profits due to higher sales and other factors in the overseas business. Ordinary profit decreased 1.7% year on year to ¥21,401 million including foreign exchange loss of ¥392 million. Profit attributable to owners of parent decreased 4.3% to ¥14,048 million, due to an increase in profit attributable to non-controlling interests following expansion of profit in overseas joint ventures and other factors.

*Millions of yen, rounded down*

	Q3 FY ended March 31, 2020		Q3 FY ending March 31, 2021		Growth in yen	Growth on local currency basis
	Amount	%	Amount	%		
Domestic sales	158,712	82.6	161,038	80.0	+1.5	+1.5
Overseas sales	33,392	17.4	40,164	20.0	+20.3	+23.7
Total	192,104	100.0	201,203	100.0	+4.7	+5.3

Results by business are as follows.

*Millions of yen, rounded down*

Sales	Q3 FY ended March 31, 2020	Q3 FY ending March 31, 2021	
	Amount	Amount	Growth (%)
Production and sale of snack and other foods business	190,662	200,008	+4.9
Domestic production and sale of snack and other foods business	157,270	159,843	+1.6
Domestic snack foods	137,598	132,028	-4.0
Domestic cereals	18,614	21,621	+16.1
Other domestic foods (Sweet potatoes, Potatoes)	1,056	6,193	+486.1
Overseas production and sale of snack and other foods business	33,392	40,164	+20.3
Overseas snack foods	28,309	34,635	+22.3
Overseas cereals	5,082	5,529	+8.8
Other businesses	1,441	1,195	-17.1
Total	192,104	201,203	+4.7

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

### • Domestic snack foods:

Sales of domestic snack foods decreased year on year.

Sales of domestic snack foods by product are as follows.

Millions of yen, rounded down

Sales	Q3 FY ended March 31, 2020	Q3 FY ending March 31, 2021	
	Amount	Amount	Growth (%)
Potato-based snacks	100,752	96,776	-3.9
<i>Potato Chips</i>	63,666	65,385	+2.7
<i>Jagarico</i>	28,112	25,585	-9.0
<i>Jagabee / Jaga Pokkuru</i>	8,973	5,804	-35.3
Flour-based snacks	16,311	15,933	-2.3
<i>Kappa Ebisen</i>	7,577	7,222	-4.7
<i>Sapporo Potato, etc.</i>	8,733	8,710	-0.3
Corn- and bean-based snacks*	13,142	13,242	+0.8
Other snacks	7,393	6,076	-17.8
Domestic snack foods total	137,598	132,028	-4.0

\* A part of products of bean-based snacks, which were included in "Other snacks" until the previous fiscal year, are included in "corn-and bean-based snacks" from this fiscal year. The figures for the previous fiscal year are reclassified.

- Sales of potato-based snacks decreased year on year due to the impact of COVID-19 pandemic.
  - Sales of *Potato Chips* increased year on year. In the first quarter of this fiscal year, we implemented sales suspension of some products in conjunction with supply adjustments, because we were unable to respond to sharp rise in consumer demand. However, from the second quarter onwards, we resumed sales and received nesting demand from consumers. As a result, sales were strong mainly *Kata-age Potato*.
  - Sales of *Jagarico* decreased year on year due to continuous sluggish sales resulting from a decline in demand for outing or offices.
  - Sales of *Jagabee* and *Jaga Pokkuru* decreased significantly year on year. Gift snack items *Jaga Pokkuru* temporarily recovered in the third quarter of this fiscal year due to the impact of Go-To-Travel Campaigns and other factors, but demand declined again with the re-expansion of COVID-19 pandemic.
- Sales of flour-based snacks decreased year on year due to a decrease in sales of products such as *Kappa Ebisen*.
- Sales of corn-and bean-based snacks increased year on year due to a growth in sales of certain corn-based snacks including *Mike Pop Corn* in the first quarter of this fiscal year impact by nesting demand.
- Sales of other snacks decreased year on year due to a decrease in sales of other gift snack items.

### • Domestic cereals:

Sales of domestic cereals increased year on year due to growth in both sales for domestic consumption and for retail store in Greater China. In domestic consumption, sales of *Frugra* regular products remained flat year on year due to the temporary suspension of sales because of delay in procurement of import raw materials caused by the impact of the COVID-19 pandemic. However, *Frugra Simple Taste*, which sold as substitute for regular products for a certain period, contributed to an increase in sales. In addition, demand for *Frugra Less Carbohydrates* and *Granola Plus Protein-in* that appealed to health and nutrition remained strong.

- Other domestic foods (Sweet potatoes, Potatoes):

Sales of other domestic foods (sweet potatoes and potatoes) increased significantly year on year due to the newly joining the scope of consolidation of Potato Kaitsuka, which operates a sweet potato business, from the beginning of this fiscal year. Regarding the sweet potatoes business, it has been growing mainly for the wholesale of sweet potato varieties with high-sugar content, which are suitable mainly for baked sweet potatoes.

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

Sales of overseas production and sale of snack and other foods business increased year on year due to growth in sales of both snack foods and cereals.

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

*Millions of yen, rounded down*

Sales	Q3 FY ended March 31, 2020	Q3 FY ending March 31, 2021	
	Amount	Amount	Growth (%)
North America	7,110	10,854	+52.7
Greater China*	9,671	11,761	+21.6
United Kingdom	4,501	4,860	+8.0
Indonesia	3,393	2,977	-12.3
Other regions**	8,715	9,711	+11.4
Overseas production and sale of snack and other foods business total	33,392	40,164	+20.3

\* Greater China: China and Hong Kong

\*\* Other regions: South Korea, Thailand, Singapore and Australia

- Sales in North America increased significantly year on year primarily due to contribution of Warnock that has become consolidated in November 2019. Sales of the private brands produced by Warnock were favorable. In existing business, sales of bean-based snacks *Harvest Snaps* grew on sales promotion at a major customer. In addition, sales of snacks for ethnic foods area such as *Kappa Ebisen* and *Potato Chips* grew.
- Sales in Greater China increased year on year. Sales of snacks increased due to the expansion of potato chips products lineup and strengthening exports of *Jaga Pokkuru* from Japan. Sales of the cereals *Frugra* grew amid increased demand for e-commerce caused by the impact of COVID-19 pandemic.
- Sales in the United Kingdom increased year on year due to increased demand for multi-packs of potato chips under Seabrook brand and the launch of new snack products.
- Sales in Indonesia decreased year on year due to a decline in sales of potato chips under the continuous weakening snack market condition caused by COVID-19 pandemic.
- Sales in other regions increased year on year, mainly due to an expansion in sales in Australia resulting from the launch of *Jagabee* in addition to expansion of sales region of *Harvest Snaps*.

## (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 December 31, 2020 were ¥229,795 million, an increase of ¥14,827 million. This was mainly an increase in notes and accounts receivable – trade, goodwill, property, plant and equipment total assets and inventories, partially offset by a decrease in cash and deposits.

The decrease in cash and deposits was mainly due to the acquisition of shares of Potato Kaitsuka, and goodwill increased due to its acquisition. The increase in notes and accounts receivable-trade was due to the shift in collection to the following month by the effect of the bank holiday on the last day of December. The increase in property, plant and equipment was mainly aimed at expanding domestic existing businesses such as acquiring a production line for *Potato Deluxe*. The increase in inventories was due to an increase in purchasing amount of raw material associated with the harvest season of domestic potato and sweet potatoes.

Liabilities increased ¥6,915 million to ¥52,249 million. This was mainly due to an increase in short-term borrowings and long-term borrowings associated with the inclusion of Potato Kaitsuka in the scope of consolidation. On the other hand, the decrease in income taxes payable was due to tax return payments and interim payments of income taxes.

Net assets increased ¥7,912 million to ¥177,545 million, mainly due to an increase in retained earnings.

From those stated above, the shareholders' equity ratio was 74.1%, down 1.8 percentage points from the end of the previous fiscal year.

### 2. Overview of cash flows

Cash and cash equivalents as of December 31, 2020 were ¥42,249 million, a decrease of ¥13,493 million.

#### Cash flows from operating activities

Operating activities resulted in net cash inflow of ¥3,388 million, a decrease of cash inflow of ¥10,423 million. This was mainly a decrease because of the amount of trade receivables collected increased in the same period of last fiscal year caused by a delay in collection by the effect of the bank holidays.

#### Cash flows from investing activities

Investing activities resulted in net cash outflow of ¥14,509 million, an increase of cash outflow of ¥10,636 million, due to expenditures for the purchase of shares in subsidiaries resulting in change in scope of consolidation and an increase in payments for purchase of property, plant and equipment, despite of a decrease in payments for purchase of securities. The purchase of shares in subsidiaries resulting in a change in the scope of consolidation was due to the acquisition of Potato Kaitsuka, and the decrease in the purchase of securities was mainly due to the use of these funds for this acquisition. Purchases of property, plant and equipment consisted mainly at aimed for enhancing domestic existing businesses such as establishment of production lines for *Potato Deluxe* and *Calbits Fruga*.

#### Cash flows from financing activities

Financing activities resulted in net cash outflow of ¥2,512 million, an increase of cash outflow of ¥1,329 million, mainly due to increase in dividends paid.

## (3) Consolidated forecasts

There is no change in the consolidated forecasts for the fiscal year ending March 31, 2021 announced on November 2, 2020.



## 2. Consolidated financial statements and key notes

### (1) Consolidated balance sheets

Millions of yen, rounded down

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	42,909	19,522
Notes and accounts receivable - trade	29,718	43,336
Securities	30,653	32,999
Inventories	11,205	14,974
Other	5,219	7,471
Allowance for doubtful accounts	(7)	(10)
Total current assets	119,699	118,292
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,983	29,225
Machinery, equipment and vehicles, net	29,604	29,985
Land	11,270	11,494
Construction in progress	1,508	3,451
Other, net	1,351	1,703
Total property, plant and equipment	71,718	75,860
Intangible assets		
Goodwill	10,953	24,110
Other	2,080	1,842
Total intangible assets	13,034	25,952
Investments and other assets		
Investments and other assets, gross	10,516	9,690
Allowance for doubtful accounts	(1)	(0)
Total investments and other assets	10,515	9,689
Total non-current assets	95,267	111,502
Total assets	214,967	229,795

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,889	9,603
Short-term borrowings	871	7,573
Current portion of long-term borrowings	—	298
Income taxes payable	4,657	2,236
Provision for bonuses	4,581	3,333
Provision for bonuses for directors (and other officers)	119	135
Provision for share-based remuneration	83	—
Other	16,431	15,873
Total current liabilities	36,633	39,054
Non-current liabilities		
Long-term borrowings	—	3,285
Provision for retirement benefits for directors (and other officers)	330	382
Provision for share-based remuneration for directors (and other officers)	172	242
Retirement benefit liability	6,908	7,054
Asset retirement obligations	527	698
Other	763	1,532
Total non-current liabilities	8,701	13,195
Total liabilities	45,334	52,249
Net assets		
Shareholders' equity		
Share capital	12,046	12,046
Capital surplus	4,779	4,777
Retained earnings	148,565	155,917
Treasury shares	(933)	(1,045)
Total shareholders' equity	164,457	171,695
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	129	248
Foreign currency translation adjustment	(833)	(1,014)
Remeasurements of defined benefit plans	(511)	(546)
Total accumulated other comprehensive income	(1,215)	(1,311)
Non-controlling interests	6,390	7,161
Total net assets	169,632	177,545
Total liabilities and net assets	214,967	229,795

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

*Millions of yen, rounded down*

	April 1, 2019 to December 31, 2019	April 1, 2020 to December 31, 2020
Net sales	192,104	201,203
Cost of sales	105,420	111,815
Gross profit	86,683	89,388
Selling, general and administrative expenses	64,804	67,546
Operating profit	21,879	21,841
Non-operating income		
Interest income	86	70
Dividend income	40	40
Share of profit of entities accounted for using equity method	3	33
Other	330	188
Total non-operating income	460	332
Non-operating expenses		
Interest expenses	69	73
Share of loss of entities accounted for using equity method	3	143
Foreign exchange losses	280	392
Depreciation	91	105
Other	132	57
Total non-operating expenses	577	772
Ordinary profit	21,762	21,401
Extraordinary income		
Gain on sales of non-current assets	8	13
Gain on sales of investment securities	1	42
Gain on liquidation of subsidiaries and associates	—	174
Subsidies income	170	58
Subsidy income related to COVID-19	—	225
Other	3	—
Total extraordinary income	183	514
Extraordinary losses		
Loss on sales of non-current assets	21	57
Loss on retirement of non-current assets	170	339
Loss on COVID-19	—	243
Loss on store closings	136	15
Other	1	62
Total extraordinary losses	329	718
Profit before income taxes	21,616	21,197
Income taxes - current	5,994	5,133
Income taxes - deferred	834	1,533
Total income taxes	6,828	6,666
Profit	14,787	14,530
Profit attributable to non-controlling interests	106	482
Profit attributable to owners of parent	14,680	14,048

## Consolidated statements of comprehensive income

	<i>Millions of yen, rounded down</i>	
	April 1, 2019 to December 31, 2019	April 1, 2020 to December 31, 2020
Profit	14,787	14,530
Other comprehensive income		
Valuation difference on available-for-sale securities	60	119
Foreign currency translation adjustment	(314)	(60)
Remeasurements of defined benefit plans, net of tax	(45)	(34)
Total other comprehensive income	(300)	24
Comprehensive income	14,487	14,555
Comprehensive income attributable to		
Owners of parent	14,447	13,952
Non-controlling interests	40	602

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

	April 1, 2019 to December 31, 2019	April 1, 2020 to December 31, 2020
Cash flows from operating activities		
Profit before income taxes	21,616	21,197
Depreciation	6,194	6,735
Amortization of goodwill	506	1,306
Increase (decrease) in allowance for doubtful accounts	(64)	(7)
Increase (decrease) in provision for bonuses	(667)	(1,264)
Increase (decrease) in provision for bonuses for directors (and other officers)	59	13
Increase (decrease) in provision for share-based remuneration	5	(4)
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	67	69
Increase (decrease) in retirement benefit liability	(163)	4
Decrease (increase) in retirement benefit asset	12	(33)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	58	52
Interest and dividend income	(126)	(110)
Interest expenses	69	73
Foreign exchange losses (gains)	144	689
Loss (gain) on liquidation of subsidiaries and associates	—	(174)
Subsidies income	(170)	(58)
Share of loss (profit) of entities accounted for using equity method	0	110
Loss (gain) on sales of investment securities	(1)	(42)
Loss (gain) on sales of non-current assets	13	43
Loss on retirement of non-current assets	170	339
Decrease (increase) in trade receivables	(2,344)	(12,868)
Decrease (increase) in inventories	(530)	(2,541)
Increase (decrease) in trade payables	563	(559)
Increase (decrease) in accounts payable - other	(667)	(913)
Other, net	(1,635)	(900)
Subtotal	23,107	11,155
Interest and dividends received	123	114
Interest paid	(70)	(74)
Income taxes paid	(9,349)	(7,807)
Net cash provided by (used in) operating activities	13,812	3,388

	April 1, 2019 to December 31, 2019	April 1, 2020 to December 31, 2020
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,062)	(8,305)
Proceeds from sales of property, plant and equipment	101	17
Purchase of intangible assets	(471)	(439)
Purchase of securities	(42,818)	(23,998)
Proceeds from redemption of securities	52,344	31,182
Purchase of investment securities	(12)	(12)
Proceeds from sales of investment securities	5	68
Loan advances	(700)	(930)
Collection of loans receivable	800	760
Payments into time deposits	(1,626)	(774)
Proceeds from withdrawal of time deposits	1,749	1,124
Payments of guarantee deposits	(91)	(80)
Proceeds from refund of guarantee deposits	44	31
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(7,305)	(13,208)
Proceeds from subsidy income	170	58
Other, net	(1)	(2)
Net cash provided by (used in) investing activities	(3,872)	(14,509)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,038	4,508
Repayments of long-term borrowings	—	(179)
Purchase of treasury shares	(0)	(191)
Proceeds from exercise of employee share options	3	—
Proceeds from share issuance to non-controlling shareholders	323	139
Dividends paid	(6,424)	(6,692)
Dividends paid to non-controlling interests	(11)	(12)
Repayments of lease obligations	(112)	(83)
Net cash provided by (used in) financing activities	(1,183)	(2,512)
Effect of exchange rate change on cash and cash equivalents	6	140
Net increase (decrease) in cash and cash equivalents	8,762	(13,493)
Cash and cash equivalents at beginning of period	35,425	55,742
Cash and cash equivalents at end of period	44,187	42,249

#### **(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.