

# Consolidated Financial Statements for the Fiscal Year Ended March 31, 2020

April 1, 2019 to March 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)

Full Year Results for the Fiscal Year Ended March 31, 2020

Calbee, Inc.

May 14, 2020

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 the General Meeting of Shareholders: June 24, 2020

Scheduled date for distribution of dividends: June 25, 2020

Scheduled date for submission of the full year financial report: June 25, 2020

Availability of supplementary explanatory material : Available

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

## 1 Consolidated results for the fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

### (1) Consolidated Operating Results

	FY ended March 31, 2019		FY ended March 31, 2020	
		% change		% change
Net sales .....	248,655	-1.2	255,938	2.9
Operating profit .....	26,964	0.5	27,664	2.6
Ordinary profit .....	27,432	4.8	27,391	-0.1
Profit attributable to owners of parent .....	19,429	12.1	17,539	-9.7
Earnings per share (¥) .....	145.39		131.22	
Earnings per share (diluted) (¥) .....	145.34		131.21	
Return on equity (%) .....	13.2		11.1	
Ordinary profit to total assets ratio (%) .....	13.9		13.1	
Operating profit to sales ratio (%) .....	10.8		10.8	

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

2. Comprehensive income: FY ended March 31, 2020: ¥14,963 million (-25.4%)

FY ended March 31, 2019: ¥20,066 million (18.4%)

3. Share of profit (loss) of entities accounted for using equity method: FY ended March 31, 2020: ¥9 million

FY ended March 31, 2019: -¥8 million

### (2) Consolidated Financial Position

	As of March 31, 2019	As of March 31, 2020
Total assets .....	202,750	214,967
Net assets .....	160,490	169,632
Shareholders' equity/total assets (%) .....	75.9	75.9
Net assets per share (¥) .....	1,151.71	1,221.19

Shareholders' equity: As of March 31, 2020: ¥163,242 million

As of March 31, 2019: ¥153,931 million

### (3) Consolidated Cash Flows

	FY ended March 31, 2019	FY ended March 31, 2020
Cash flows from operating activities .....	27,620	40,449
Cash flows from investing activities .....	(28,347)	(13,462)
Cash flows from financing activities .....	(6,227)	(6,278)
Cash and cash equivalents at end of period .....	35,425	55,742

## 2 Dividends

	FY ended March 31, 2019	FY ended March 31, 2020	FY ending March 31, 2021 (forecast)
Interim period per share .....	0.00	0.00	0.00
Year-end dividend per share .....	48.0	50.0	50.0
Annual dividend per share .....	48.0	50.0	50.0
Total dividend amount (millions of yen) .....	6,428	6,696	—
Dividend payout ratio (consolidated) (%) .....	33.0	38.1	42.6
Net assets to dividends ratio (consolidated) (%) .....	4.4	4.2	—

Note: Total dividend amounts for FYs ended March 31, 2019 and March 31, 2020 include dividends of ¥12 million and ¥12 million, respectively, for Calbee shares held in trust

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

		% change
Net sales .....	270,000	5.5
Operating profit .....	24,500	-11.4
Ordinary profit .....	24,000	-12.4
Profit attributable to owners of parent .....	15,700	-10.5
Earnings per share (¥) .....	117.45	

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

## Notes

- (1) Transfers of important subsidiaries during the period (transfers of specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) 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
- (3) Number of outstanding shares (common stock)

	As of March 31, 2019:	As of March 31, 2020:
1. Number of outstanding shares (including treasury shares)	133,921,800 shares	133,929,800 shares
2. Number of treasury shares	267,747 shares	254,501 shares
	Fiscal year to March 31, 2019:	Fiscal year to March 31, 2020:
3. Average number of shares during the period	133,637,330 shares	133,669,238 shares

Note: Regarding Calbee stock held in trust as treasury stock within shareholders' equity, the number of treasury shares includes 253,590 of these shares as of March 31, 2020 and 266,915 of these shares as of March 31, 2019, and the average number of shares excludes 257,959 treasury shares during the year to March 31, 2020, and 275,221 treasury shares during the year to March 31, 2019.

## (Reference) Non-consolidated results for the fiscal year ended March 31, 2020

(1) Non-consolidated operating results		Millions of yen, rounded down	
	FY ended March 31, 2019		FY ended March 31, 2020
		% change	
Net sales	194,096	3.7	197,658
Operating profit	24,708	-3.4	24,370
Ordinary profit	25,831	-0.5	24,433
Net profit	15,825	-10.8	16,210
Earnings per share (¥)	118.42		121.28
Earnings per share (diluted) (¥)	118.38		121.27

(2) Non-consolidated financial position		Millions of yen, rounded down	
	As of March 31, 2019		As of March 31, 2020
Total assets	186,460		199,004
Net assets	145,692		155,185
Shareholders' equity/total assets (%)	78.1		78.0
Net assets per share (¥)	1,090.05		1,160.91

Shareholders' equity: As of March 31, 2020: ¥155,185 million, As of March 31, 2019: ¥145,689 million

## 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 further information on assumptions used in forecasts, please see Page 9, 1. Overview of Operating Results (4) Consolidated forecasts.
2. The earnings per share forecast for the fiscal year ending March 31, 2021 is calculated using 133,675,299 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 May 15, 2020. An audio recording of the conference will be made available on our Japanese website after the conference.

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## 1. Overview of operating results

### (1) Overview of business performance

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

During the fiscal year ended March 2020, in the global economy, in addition to the U.S.-China trade war and the slowdown of the Chinese economy, the opacity about the direction of the economy increased rapidly affected by the worldwide expansion of new coronavirus infections that began in 2020. During the Japanese economy was on a moderate recovery trend in 2019, an impact of the consumption tax hike that began in October on a consumer behavior was seen. After that, the New Year has come and the expansion of new coronavirus infections significantly reduced the demand from inbound tourism and brought voluntary restrictions on outing, and these began to have impacts on corporate performance. On the other hand, in the food industry, changes in consumption behavior occurred, such as stockpiling preserved foods and increasing consumption of foods at home with restrictions on outings. Because of these circumstances in domestic and overseas, in the Calbee group, the number of sales of gift products and the number of visitors to the company-owned stores decreased from the fourth quarter of this fiscal year. However, there were no significant impacts in the financial results for this fiscal year due to offset by the increased consumption of foods at home.

In May 2019, we formulated long-term vision (the vision for 2030) and the five-year medium-term business plan (from the fiscal year ending March 2020 to March 2024). Under the core policy of "transformation and challenge toward achieving the next generation growth", we implement six key initiatives as follows:

- 1: Existing domestic business: Create new value and realize high profit
- 2: Overseas business: Establish revenue-generating bases in 4 key regions
- 3: New businesses: Establish businesses in new food areas
- 4: Management base: Reform base to support global management and sustainable growth
- 5: Co-creation with society: Achieve a sustainable society
- 6: Collaboration with PepsiCo: Strengthen collaboration with PepsiCo.

In the domestic business, we conducted price hike and content standard revisions for some snack products against the background of rising costs such as distribution costs and raw material costs. We also strengthened our product lineup by launching new texture variants potato chips that meet diverse consumer needs. In cereal foods, we launched new brand focused on functional benefits to develop new customer base. In February 2020, in order to enter the sweet potato business, we concluded a stock purchase agreement to acquire shares of Potato Kaitsuka Co. Ltd., which is engaged in the processing and wholesaling of sweet potatoes and the direct sales of baked sweet potatoes and other products (consolidated in April 2020). We will strive for expansion of the sweet potato business by leveraging synergies with our expertise in potato.

In overseas business, we focused on business expansion to establish revenue-generating bases in the 4 key regions of North America, Greater China, the United Kingdom and Indonesia. In North America, we acquired Warnock Food Products, Inc (hereafter referred to as "Warnock"), a U.S. contracted savory snack manufacturer, in October 2019 in order to strengthen product development capability and expansion our snack product portfolio in the U.S. In Greater China, we strengthened sales activities of cereal and snack foods in e-commerce. Moreover, in January 2020, we established Calbee (China) Co., Ltd. to strengthen our sales structure and further penetrate Calbee brand with expansion sales channels for retail stores in China. In the UK, we integrated Seabrook Crisps Limited (hereafter referred to as "Seabrook"), which was acquired in the previous fiscal year, and Calbee (UK) Ltd, an existing subsidiary in the UK, to strengthen management base and pursue cost reduction. In Indonesia, we launched new products for expansion of selling potato chips.

Consolidated net sales for the fiscal year ended March 2020 increased 2.9% to ¥255,938 million. Operating profit increased 2.6% to ¥27,664 million, and operating margin remained year on year at 10.8%. Despite rising distribution costs and packaging costs in the domestic business, both the effect on price hike for domestic snack foods and the increases in sales in domestic and overseas businesses contributed to increase in operating profit. Ordinary profit decreased 0.1% to ¥27,391 million, mainly due to a foreign exchange loss of ¥445 million. Profit attributable to owners of the parent decreased 9.7% to ¥17,539 million, due to the recording of ¥1,639 million impairment loss on domestic and overseas facilities, in addition to the recording of ¥2,378 million gain on sales of shares of subsidiaries and associates under extraordinary income resulting from transfer of shares of a consolidated subsidiary in the previous fiscal year.

*Millions of yen, rounded down*

	FY ended March 31, 2019		FY ended March 31, 2020		Growth in yen	Growth on local currency basis
	Amount	%	Amount	%		
Domestic sales	208,193	83.7	210,470	82.2	+ 1.1%	+ 1.1%
Overseas sales	40,461	16.3	45,468	17.8	+ 12.4%	+ 15.8%
Total	248,655	100.0	255,938	100.0	+ 2.9%	+ 3.5%

Results by business are as follows.

*Millions of yen, rounded down*

Sales	FY ended March 31, 2019	FY ended March 31, 2020	
	Amount	Amount	Growth (%)
1) Production and sale of snack and other foods business	246,064	254,092	+ 3.3
Domestic production and sale of snack and other foods business	205,602	208,624	+ 1.5
Domestic snack foods	180,499	182,086	+ 0.9
Domestic cereals	23,817	25,157	+ 5.6
Other domestic foods	1,285	1,380	+ 7.4
Overseas production and sale of snack and other foods business	40,461	45,468	+ 12.4
Overseas snack foods	35,178	38,998	+ 10.9
Overseas cereals	5,283	6,469	+ 22.5
2) Other businesses	2,590	1,846	− 28.7
Total	248,655	255,938	+ 2.9

1) Production and sale of snack and other foods business

Domestic production and sale of snack and other foods business

• Domestic snack foods:

Sales of domestic snack foods increased year on year. Although sales of the *Potato Chips* subject to price hike declined in this fiscal year, increased sales of *Potato Chips* not to subject to price hike and demand for flour-based snacks contributed to an increase in sales.

Sales of domestic snack foods by product are as follows.

Millions of yen, rounded down

Sales	FY ended March 31, 2019	FY ended March 31, 2020	
	Amount	Amount	Growth (%)
Potato-based snacks	133,068	133,654	+0.4
<i>Potato Chips</i>	84,129	86,189	+2.4
<i>Jagarico</i>	37,402	36,390	-2.7
<i>Jagabee / Jaga Pokkuru</i>	11,537	11,075	-4.0
Flour-based snacks	20,775	21,663	+4.3
<i>Kappa Ebisen</i>	9,705	10,069	+3.7
<i>Sapporo Potato, etc.</i>	11,069	11,594	+4.7
Corn- and bean-based snacks	15,882	15,651	-1.5
Other snacks	10,773	11,116	+3.2
Domestic snack foods total	180,499	182,086	+0.9

- Sales of potato-based snacks increased year on year. Sales of products not subject to price hike including *Potato Chips Giza-Giza* and other products increased, despite declined sales of regular items including *Usu-Shio-Aji* causing an effect of price hike in this fiscal year. In addition, strengthening our product lineup by launching new texture variants potato chips, such as *Crunch Potato* and *Thin Potato*, contributed to sales. In the *Jagarico* sales, sales of regular items including *Jagarico-salad* were strong, otherwise *Tomorico* and *Edamarico*, which were launched nationwide in the previous fiscal year, declined. Sales of *Jagabee / Jaga Pokkuru* declined year on year. In addition to sluggish sales of *Jagabee*, sales of *Jaga Pokkuru*, a gift product, which had expanded in sales until the third quarter of this fiscal year, slowed sharply due to decline in the demand from inbound tourism caused by the expansion of coronavirus in the fourth quarter and turned decreased.
- Sales of flour-based snacks increased year on year due to increased demand resulting from price hike of *Potato Chips* and the success of product renewals for *Kappa Ebisen* in the fourth quarter.
- Sales of corn- and bean-based snacks decreased year on year due to the impact of the termination of the licensing agreement for Garrett Popcorn Shops.
- Sales of other snacks increased year on year due mainly to an increase in sales of the individual portion snacks *miino*.

• Domestic cereals:

Sales of domestic cereals increased year on year due to growth in both domestic consumption and for retail store in Greater China. Regarding the cereals for domestic consumption, amid sales of *Frugra Less Carbohydrate* remained strong, in the fourth quarter, demand for regular items of *Frugra* increased as preserved foods because consumer behavior changed due to voluntary restrictions on outing with the expansion of coronavirus. In addition, the new bland *Granola + (Granola Plus)*, which specializes in nutritional supplements, contributed to sales.

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

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

Millions of yen, rounded down

Sales	FY ended March 31, 2019	FY ended March 31, 2020	
	Amount	Amount	Growth (%)
North America	9,941	10,576	+6.4
Greater China*	11,339	12,771	+12.6
United Kingdom	4,193	6,047	+44.2
Indonesia	3,854	4,351	+12.9
Other regions**	11,131	11,721	+5.3
Overseas production and sale of snack and other foods business total	40,461	45,468	+12.4

\*Greater China: China, Taiwan and Hong Kong

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

- In North America, sales increased year on year due to the new consolidation of Warnock, the acquired company, in November 2019, despite of a decline in demand for *Harvest Snaps*, a bean-based snack.
- In Greater China, sales increased year on year due to an increase in sales of cereal product *Frugra* and snack foods such as *Jaga Pokkuru* through e-commerce.
- In the UK, sales increased significantly year on year supported by sales of potato chips of Seabrook brand, acquired in October 2018.
- In Indonesia, sales increased year on year mainly due to contributions in sales of *Japota*, a new flat-type potato chips.
- In the other regions, sales increased year on year mainly due to sales expansion of *Harvest Snaps* in Australia.

## 2) Other businesses

Other businesses include logistics and promotional tool sales. Sales decreased year on year due to the transfer of all shares of consolidated subsidiary engaged in the promotional tools business in September 2018.



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

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

Total assets as of March 31, 2020 were ¥214,967 million, an increase of ¥12,217 million. The primary factors contributing to this outcome were increases in cash and deposits and in goodwill resulting from the acquisition of Warnock.

Liabilities increased ¥3,074 million to ¥45,334 million mainly due to increases in accounts payables.

Net assets increased ¥9,142 million to ¥169,632 million mainly due to increase in retained earnings.

The shareholders' equity ratio was 75.9%, which remained year on year.

## **(3) Overview of cash flows**

Cash and cash equivalents as of March 31, 2020 were ¥55,742 million, ¥20,317 million higher than at the end of the previous fiscal year.

### Cash flows from operating activities

Operating activities resulted in net cash inflow of ¥40,449 million, an increase in cash inflow of ¥12,828 million, due to a decrease in accounts receivables - trade. The decrease in accounts receivables - trade is due to a bank holiday on the last day of the previous fiscal year.

### Cash flows from investing activities

Investing activities resulted in a net cash outflow of ¥13,462 million, a decrease in cash outflow of ¥14,884 million, mainly due to an increase in inflow from the redemption of investment securities. Purchase of shares of subsidiaries resulting in change in scope of consolidation in this fiscal year is due to acquisition of Warnock.

### Cash flows from financing activities

Financing activities resulted in a net cash outflow of ¥6,278 million, an increase in cash outflow of ¥51 million, primarily due to an increase in outflow of dividends paid.

## **(4) Consolidated forecasts**

Based on the medium-term business plan (from the fiscal year ending March 2020 to March 2024) formulated in May 2019, by undertaking transformation and challenges, we will achieve sustainable growth through building a foundation in response to changes in the business environment.

As a business policy for the fiscal year ending March 2021, in the existing domestic businesses, we will promote cost reduction initiatives to ensure the profits of the snack and to expand customer base of cereals. In overseas business, we will develop products tailored to the characteristics of each country's market, and expand sales channel and strengthen promotional activities in order to achieve business expansion in 4 key regions (North America, Greater China, the UK, and Indonesia). In new businesses, we will pursue synergies with Potato Kaitsuka Co. Ltd., which became a consolidated subsidiary in April 2020, to achieve expansion in the sweet potato business.

In the business environment of the fiscal year ending March 2021, the impact of the coronavirus infections has significantly affected the global economy and social life, and the opacity about the future has increased. We forecast that the business environment will also affect our group's business operations in domestic and overseas. In the consolidated forecasts for the fiscal year ending March 2021, we consider forecasted impacts on financial results mainly due to changes in demand at this moment.

In the domestic business, regarding the snack and cereal foods, although there are temporarily increasing demands with voluntary restrictions on outing at this moment, we forecast these temporary demands will be neutral in the future. On the other hand, sales of gift snack products such as *Jaga*

*Pokkuru* will significantly decrease due to the decline in the demand from inbound and domestic tourism and the close of the company-owned stores. We forecast this situation will remain for a while, and recover partially toward the end of the fiscal year gradually.

In the overseas business, although there are increasing demands mainly in e-commerce in Greater China at this moment, we forecast these temporary demands will return to neutral. In other regions, demands will decrease impacted by downward of sales activities in retail stores with mainly restrictions on outing.

Based on the above, for the year ending March 2021, we forecast consolidated net sales increasing 5.5% to ¥270,000 million, operating profit decreasing 11.4% to ¥24,500 million, ordinary profit decreasing 12.4% to ¥24,000 million, and profit attributable to owners of parent decreasing 10.5% to ¥15,700 million.

The main exchange rates used as basis for this forecast are 1USD = ¥109, 1RMB = ¥15.60, 1GBP = ¥143 and 1IDR = ¥0.0079.

The expected progress of convergence of coronavirus may change depending on the future spread of infections and the extension of regulations in each country. In addition, there would be possibilities that risks we could not forecast at this moment, such as impacts on supply chain mainly due to delay of procurement of raw materials, may appear. Because of these reasons, if any revision of the forecasts is necessary, we will promptly disclose revised forecasts.

## **2. Basic policy for profit distribution and dividends for fiscal year to March 2020 and 2021**

Calbee recognizes that the distribution of profits to shareholders is an important management matter. Our policy is to consistently and actively distribute profits with a medium-term target consolidated payout ratio of over 40%, while striving to improve our profitability. We will leverage our internal reserves for capital investment and other measures aimed at raising our corporate value.

On the basis of our basic policy and in consideration of our consolidated results and financial position, we plan to pay an annual dividend of ¥50 per share, an increase of ¥2 per share, for the fiscal year ended March 2020 (to be presented at the 71th Annual General Meeting of Shareholders, June 24, 2020). The consolidated payout ratio will be 38.1%.

For the fiscal year ending March 2021, we plan an annual dividend of ¥50 per share, for an effective consolidated payout ratio of 42.6%.

As prescribed by Article 454 Clause 5 of the Companies Act, the Articles of Incorporation stipulate that the Company is able to pay interim dividends. However, a dividend will be paid once annually upon review of certain factors including the annual results.

## **3. Basic approach to selection of accounting standards**

With the aims of enhancing management of the business and enabling international comparison of financial information in capital markets through the unification of accounting standards, Calbee is considering the adoption of International Financial Reporting Standards (IFRS).

#### 4. Consolidated financial statements and key notes

##### (1) Consolidated balance sheets

Millions of yen, rounded down

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	12,992	42,909
Notes and accounts receivable - trade	39,736	29,718
Securities	42,760	30,653
Inventories	11,309	11,205
Other	5,067	5,219
Allowance for doubtful accounts	(8)	(7)
Total current assets	111,858	119,699
Non-current assets		
Property, plant and equipment		
Buildings and structures	67,497	67,341
Accumulated depreciation	(38,613)	(39,358)
Buildings and structures, net	28,883	27,983
Machinery, equipment and vehicles	102,261	105,627
Accumulated depreciation	(72,450)	(76,023)
Machinery, equipment and vehicles, net	29,811	29,604
Land	11,391	11,270
Leased assets	538	879
Accumulated depreciation	(310)	(433)
Leased assets, net	228	446
Construction in progress	1,224	1,508
Other	4,463	4,547
Accumulated depreciation	(3,451)	(3,642)
Other, net	1,012	905
Total property, plant and equipment	72,552	71,718
Intangible assets		
Goodwill	5,688	10,953
Other	2,016	2,080
Total intangible assets	7,704	13,034
Investments and other assets		
Investment securities	2,222	1,744
Long-term loans receivable	240	180
Deferred tax assets	4,421	4,826
Retirement benefit asset	2,111	2,061
Other	1,697	1,703
Allowance for doubtful accounts	(59)	(1)
Total investments and other assets	10,634	10,515
Total non-current assets	90,891	95,267
Total assets	202,750	214,967

As of March 31, 2019 As of March 31, 2020

<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	8,987	9,889
Short-term borrowings	1,027	871
Lease obligations	104	134
Accounts payable – other	5,878	7,301
Income taxes payable	5,478	4,657
Provision for bonuses	4,004	4,581
Provision for bonuses for directors (and other officers)	67	119
Provision for share-based remuneration	35	83
Other	8,459	8,995
Total current liabilities	34,043	36,633
Non-current liabilities		
Lease obligations	111	325
Deferred tax liabilities	622	367
Provision for retirement benefits for directors (and other officers)	286	330
Provision for share-based remuneration for directors (and other officers)	92	172
Retirement benefit liability	6,531	6,908
Asset retirement obligations	522	527
Other	49	70
Total non-current liabilities	8,216	8,701
Total liabilities	42,260	45,334
<b>Net assets</b>		
Shareholders' equity		
Share capital	12,044	12,046
Capital surplus	4,786	4,779
Retained earnings	137,453	148,565
Treasury shares	(981)	(933)
Total shareholders' equity	153,303	164,457
Accumulated other comprehensive income		
Valuation difference on available-for-sales securities	467	129
Foreign currency translation adjustment	278	(833)
Remeasurements of defined benefit plans	(119)	(511)
Total accumulated other comprehensive income	627	(1,215)
Share acquisition rights	3	—
Non-controlling interests	6,555	6,390
Total net assets	160,490	169,632
Total liabilities and net assets	202,750	214,967

**(2) Consolidated statements of income and comprehensive income****Consolidated statements of income***Millions of yen, rounded down*

	April 1, 2018 to March 31, 2019	April 1, 2019 to March 31, 2020
Net sales	248,655	255,938
Cost of sales	137,534	140,852
Gross profit	111,120	115,086
Selling, general and administrative expenses	84,156	87,422
Operating profit	26,964	27,664
Non-operating income		
Interest income	117	112
Dividend income	44	42
Share of profit of entities accounted for using equity method	1	11
Foreign exchange gains	406	—
Other	281	434
Total non-operating income	852	600
Non-operating expenses		
Interest expenses	71	90
Share of loss of entities accounted for using equity method	10	2
Foreign exchange losses	—	445
Depreciation	92	122
Loss on valuation of inventories	64	32
Other	145	180
Total non-operating expenses	384	873
Ordinary profit	27,432	27,391
Extraordinary income		
Gain on sales of non-current assets	36	9
Gain on sales of shares of subsidiaries and associates	2,378	—
Gain on sales of investment securities	52	1
Subsidy income	106	277
Gain on reversal of loss on cancellation of outsourcing agreement	—	137
Gain on liquidation of business	477	—
Other	2	3
Total extraordinary income	3,053	429
Extraordinary losses		
Loss on sales of non-current assets	16	50
Loss on retirement of non-current assets	263	221
Impairment loss	839	1,639
Loss on valuation of investment securities	—	18
Loss on sales of shares of subsidiaries and associates	24	—
Retirement benefits for directors	350	—
Loss on sale of businesses	222	—
Loss on cancellation of outsourcing agreement	211	—
Other	87	147
Total extraordinary losses	2,016	2,077
Profit before income taxes	28,469	25,743
Income taxes – current	9,481	8,925
Income taxes – deferred	(387)	(394)
Total income taxes	9,093	8,531
Profit	19,375	17,212
Loss attributable to non-controlling interests	(53)	(327)
Profit attributable to owners of parent	19,429	17,539

## Consolidated statements of comprehensive income

*Millions of yen, rounded down*

	April 1, 2018 to March 31, 2019	April 1, 2019 to March 31, 2020
Profit	19,375	17,212
Other comprehensive income		
Valuation difference on available-for-sale securities	(212)	(338)
Foreign currency translation adjustment	276	(1,518)
Remeasurements of defined benefit plans, net of tax	626	(392)
Total other comprehensive income	690	(2,248)
Comprehensive income	20,066	14,963
Comprehensive income attributable to:		
Owners of parent	20,064	15,697
Non-controlling interests	1	(733)

### (3) Consolidated statements of changes in shareholders' equity

April 1, 2019 to March 31, 2020

Millions of yen, rounded down

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,044	4,786	137,453	(981)	153,303
Changes of items during period					
Issuance of new shares – exercise of share acquisition rights	1	1			3
Forfeiture of share acquisition rights					—
Dividends of surplus			(6,428)		(6,428)
Profit attributable to owners of parent			17,539		17,539
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				47	47
Purchase of shares of consolidated subsidiaries		(9)			(9)
Net change of items other than shareholders' equity					
Total changes of items during period	1	(7)	11,111	47	11,153
Balance at end of current period	12,046	4,779	148,565	(933)	164,457

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	467	278	(119)	627	3	6,555	160,490
Changes of items during period							
Issuance of new shares – exercise of share acquisition rights					(0)		3
Forfeiture of share acquisition rights					(3)		(3)
Dividends of surplus							(6,428)
Profit attributable to owners of parent							17,539
Purchase of treasury shares							(0)
Disposal of treasury shares							47
Purchase of shares of consolidated subsidiaries							(9)
Net change of items other than shareholders' equity	(338)	(1,111)	(392)	(1,842)		(165)	(2,007)
Total changes of items during period	(338)	(1,111)	(392)	(1,842)	(3)	(165)	9,142
Balance at end of current period	129	(833)	(511)	(1,215)	—	6,390	169,632

April 1, 2018 to March 31, 2019

Millions of yen, rounded down

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,033	4,775	123,647	(1,073)	139,383
Changes of items during period					
Issuance of new shares – exercise of share acquisition rights	10	10			21
Forfeiture of share acquisition rights					—
Dividends of surplus			(5,622)		(5,622)
Profit attributable to owners of parent			19,429		19,429
Purchase of treasury shares					—
Disposal of treasury shares				91	91
Purchase of shares of consolidated subsidiaries					—
Net change of items other than shareholders' equity					
Total changes of items during period	10	10	13,806	91	13,920
Balance at end of current period	12,044	4,786	137,453	(981)	153,303

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	680	57	(745)	(7)	7	7,284	146,667
Changes of items during period							
Issuance of new shares – exercise of share acquisition rights					(3)		18
Forfeiture of share acquisition rights							—
Dividends of surplus							(5,622)
Profit attributable to owners of parent							19,429
Purchase of treasury shares							—
Disposal of treasury shares							91
Purchase of shares of consolidated subsidiaries							—
Net change of items other than shareholders' equity	(212)	220	626	634		(729)	(94)
Total changes of items during period	(212)	220	626	634	(3)	(729)	13,822
Balance at end of current period	467	278	(119)	627	3	6,555	160,490



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

	April 1, 2018 to March 31, 2019	April 1, 2019 to March 31, 2020
Cash flows from operating activities		
Profit before income taxes	28,469	25,743
Depreciation	8,023	8,449
Impairment loss	839	1,639
Amortization of goodwill	758	714
Increase (decrease) in allowance for doubtful accounts	(14)	(57)
Increase (decrease) in provision for bonuses	285	578
Increase (decrease) in provision for bonuses for directors (and other officers)	(32)	56
Increase (decrease) in provision for share-based remuneration	33	88
Increase (decrease) in provision for share-based remuneration for directors	—	87
Increase (decrease) in retirement benefit liability	49	(111)
Decrease (increase) in retirement benefit asset	5	2
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(146)	43
Interest and dividend income	(162)	(154)
Interest expenses	71	90
Foreign exchange losses (gains)	(223)	319
Gain on liquidation of business	(477)	—
Subsidy income	(106)	(277)
Share of loss (profit) of entities accounted for using equity method	8	(9)
Loss (gain) on sales of investment securities	(2,405)	(1)
Loss (gain) on valuation of investment securities	—	18
Loss (gain) on sales of non-current assets	(20)	41
Loss on retirement of non-current assets	263	221
Decrease (increase) in trade receivables	914	10,092
Decrease (increase) in inventories	(504)	194
Increase (decrease) in trade payables	(528)	907
Increase (decrease) in accounts payable - other	177	682
Other, net	1,484	234
Subtotal	36,760	49,592
Interest and dividend income received	149	154
Interest paid	(71)	(88)
Income taxes paid	(9,218)	(9,209)
Net cash provided by (used in) operating activities	27,620	40,449

	April 1, 2018 to March 31, 2019	April 1, 2019 to March 31, 2020
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,390)	(8,392)
Proceeds from sales of property, plant and equipment	235	109
Purchase of intangible assets	(555)	(612)
Proceeds from sales of intangible assets	0	—
Purchase of securities	(39,425)	(55,035)
Proceeds from redemption of securities	23,826	57,335
Purchase of investment securities	(45)	(15)
Proceeds from sales of investment securities	93	5
Loan advances	(980)	(700)
Collection of loans receivable	2,378	800
Payments into time deposits	(730)	(2,253)
Proceeds from withdrawal of time deposits	355	2,336
Payments for guarantee deposits	(89)	(99)
Proceeds from refund of guarantee deposits	128	89
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(7,351)	(7,305)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(460)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	3,169	—
Proceeds from subsidy income	106	277
Other, net	387	(2)
Net cash provided by (used in) investing activities	(28,347)	(13,462)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(509)	(11)
Purchase of treasury shares	—	(0)
Proceeds from exercise of employee share options	18	3
Proceeds from share issuance to non-controlling shareholders	—	323
Dividends paid	(5,621)	(6,425)
Dividends paid to non-controlling interests	(10)	(11)
Repayments of lease obligations	(104)	(156)
Net cash provided by (used in) financing activities	(6,227)	(6,278)
Effect of exchange rate change on cash and cash equivalents	184	(390)
Net increase (decrease) in cash and cash equivalents	(6,769)	20,317
Cash and cash equivalents at beginning of period	42,195	35,425
Cash and cash equivalents at end of period	35,425	55,742

**(5) Notes to consolidated financial statements****Notes related to going concern assumption**

No applicable items

**Segment information and other**

The Company has only one segment, "Production and sale of snacks and other foods", and consequently does not disclose information for operating segments.

**Per Share Information**

	FY ended March 31, 2019	FY ended March 31, 2020
Net assets per share (¥)	1,151.71	1,221.19
Earnings per share (¥)	145.39	131.22
Earnings per share (diluted) (¥)	145.34	131.21

Notes: 1) Net assets per share were calculated based on the following:

	FY ended March 31, 2019	FY ended March 31, 2020
Total net assets on consolidated balance sheet (¥ million)	160,490	169,632
Amount attributable to common stock (¥ million)	153,931	163,242
Main differences (¥ million)		
Share acquisition rights	3	—
Non-controlling interests	6,555	6,390
Number of shares of common stock outstanding (shares)	133,921,800	133,929,800
Number of shares of common stock as treasury stock (shares)	267,747	254,501
Number of common shares used for calculating net assets per share (shares)	133,654,053	133,675,299

2) Earnings per share and earnings per share (diluted) were calculated based on the following:

	FY ended March 31, 2019	FY ended March 31, 2020
Earnings per share		
Profit attributable to owners of parent (consolidated) (¥ million)	19,429	17,539
Profit attributable to owners of parent attributable to common stock (¥ million)	19,429	17,539
Amount not belonging to common shareholders (¥ million)	—	—
Average number of shares during the period (shares)	133,637,330	133,669,238
Earnings per share (diluted)		
Profit adjustments attributable to owners of parent (¥ million)	—	—
Breakdown of additional common shares used for calculating earnings per share (diluted) (shares)		
Subscription rights to shares	50,210	9,849
Number of additional common shares	50,210	9,849
Residual securities not included in the calculation of profit after adjustment for residual securities due to the fact that these securities had no dilutive effect.	—	

- 3) The Company's own stock in the trust recorded as treasury shares under shareholders' equity includes treasury shares excluded from the average number of shares during the period used for calculating earnings per share and treasury shares excluded from the number of shares outstanding at the end of the fiscal year used for calculating net assets per share. During the previous consolidated fiscal year, 275,221 treasury shares, and during the current consolidated fiscal year 257,959 treasury shares, were excluded from the average number of shares during the period used for calculating earnings per share and 266,915 treasury shares at the end of the previous fiscal year and 253,590 treasury shares at the end of the current fiscal year were excluded from the number of shares outstanding used for calculating net assets per share.

## Subsequent events

(Business combinations and other related matters)

Business combination resulting from acquisition

Calbee, Inc. (hereafter referred to as "Calbee") made the company a wholly owned subsidiary by acquiring all of the issued common stock and share acquisition rights of Potato Kaitsuka Co. Ltd. (hereafter referred to as "Potato Kaitsuka") on April 1, 2020.

### (1) Overview of the transaction

#### 1. Name and business description of the acquired company

Name of acquired company: Potato Kaitsuka Co. Ltd.

Description of business: Processing, wholesale, and retail sale of sweet potatoes

#### 2. Reason for business combination

Under our long-term vision (Vision for 2030) announced in May 2019, we aim to establish overseas markets and new food domains as growth pillars. At the same time, we have positioned "Establishing businesses in new food areas" as one of the key initiative in our middle-term business plan. The entry into the sweet potato business by making Potato Kaitsuka a subsidiary will strengthen our efforts to tackle this key initiative. Potato Kaitsuka started operation in 1967 as a wholesale company specializing in sweet potatoes. Today, based mainly on their original brand of sweet potato, "Beni-Tenshi", they engage in the sale of raw materials for baked sweet potato to retail stores as well as the direct sales of baked sweet potato etc. In the domestic sweet potato market, demand for the varieties of sweet potatoes with sweetness is rising as the variety improvement. In addition, demand for sweet potatoes is expanding due to the introduction and utilization of baking potato machines in retail stores. Furthermore, the amount of exports is also increasing in recent years due to increase in recognition of baked sweet potato in Greater China and South Asia. Ibaraki Prefecture, where Potato Kaitsuka is located, ranks second in terms of domestic sweet potato yields in 2018, and Potato Kaitsuka is in a position of high share of sweet potato handled. Through the acquisition, we will strive to expand our sweet potato business by utilizing both Potato Kaitsuka's expertise and technologies for sweet potatoes and Calbee's assets for potatoes such as variety development and storage technologies.

#### 3. Date of business combination

April 1, 2020

#### 4. Legal form of business combination

Acquisition of stock and share acquisition rights

#### 5. Name of company after business combination

No change

#### 6. Ratio of voting rights

100%

#### 7. Major reasons for acquisition

Acquisition paid in cash by Calbee, Inc.

### (2) Purchase price and its breakdown

Purchase price of equity interest paid by cash: ¥13,800 million