

# Consolidated Financial Statements for the Fiscal Year Ended March 31, 2022

April 1, 2021 to March 31, 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)

Full Year Results for the Fiscal Year Ended March 31, 2022

**Calbee, Inc.**

**May 10, 2022**

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

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

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Representative: Shuji Ito, President & CEO, Representative Director

Scheduled date for the General Meeting of Shareholders: June 22, 2022

Scheduled date for distribution of dividends: June 23, 2022

Scheduled date for submission of the full year financial report: June 23, 2022

Availability of supplementary explanatory material : Available

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

## 1) Consolidated results for the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

### (1) Consolidated Operating Results

*Millions of yen, rounded down*

	FY ended March 31, 2021		FY ended March 31, 2022	
		% change		% change
Net sales .....	266,745	4.2	245,419	-
Operating profit .....	27,064	(2.2)	25,135	(7.1)
Ordinary profit .....	27,522	0.5	26,938	(2.1)
Profit attributable to owners of parent .....	17,682	0.8	18,053	2.1
Earnings per share (¥).....	132.30		136.25	
Earnings per share (diluted) (¥) .....	-		-	
Return on equity (%)	10.4		10.3	
Ordinary profit to total assets ratio (%)	12.1		11.3	
Operating profit to sales ratio (%)	10.1		10.2	

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

2. As the Company 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 previous fiscal year is not shown. Assuming that the same accounting standard as before was applied to sales for the fiscal year ended March 2022, the percentage of change from the previous fiscal year is 4.2%, excluding the impact of the application of this accounting standard.

3. Comprehensive income: FY ended March 31, 2022: ¥21,594 million (9.3%)

FY ended March 31, 2021: ¥19,750 million (32.0%)

4. Share of profit (loss) of entities accounted for using equity method: FY ended March 31, 2022: ¥19 million

FY ended March 31, 2021: -¥104 million

### (2) Consolidated Financial Position

*Millions of yen, rounded down*

	As of March 31, 2021	As of March 31, 2022
Total assets.....	238,978	236,598
Net assets .....	182,740	183,458
Shareholders' equity/total assets (%).....	73.4	74.1
Net assets per share (¥).....	1,312.24	1,358.25

Shareholders' equity: As of March 31, 2022: ¥175,379 million

As of March 31, 2021: ¥175,369 million

### (3) Consolidated Cash Flows

*Millions of yen, rounded down*

	FY ended March 31, 2021	FY ended March 31, 2022
Cash flows from operating activities	30,450	22,327
Cash flows from investing activities	(32,069)	3,643
Cash flows from financing activities	(7,635)	(25,168)
Cash and cash equivalents at end of period	47,282	49,670

## 2) Dividends

Yen

	FY ended March 31, 2021	FY ended March 31, 2022	FY ending March 31, 2023 (forecast)
Interim period per share .....	0.00	0.00	0.00
Year-end dividend per share.....	50.0	52.0	52.0
Annual dividend per share .....	50.0	52.0	52.0
Total dividend amount (millions of yen).....	6,696	6,728	-
Dividend payout ratio (consolidated) (%).....	37.8	38.2	43.3
Net assets to dividends ratio (consolidated) (%)	3.9	3.9	-

Note: Total dividend amounts for FYs ended March 31, 2021 and March 31, 2022 include dividends of ¥14 million and ¥13 million, respectively, for Calbee shares held in trust

## 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) 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: Yes
  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, 2021:	As of March 31, 2022:
1. Number of outstanding shares (including treasury shares)	133,929,800 shares	133,929,800 shares
2. Number of treasury shares	289,176 shares	4,808,426 shares
	Fiscal year to March 31, 2021:	Fiscal year to March 31, 2022:
3. Average number of shares during the period	133,652,937 shares	132,502,953 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 March 31, 2022 and 288,265 of these shares as of March 31, 2021, and the average number of shares excludes 271,442 treasury shares during the year to March 31, 2022, and 275,951 treasury shares during the year to March 31, 2021.

## (Reference) Non-consolidated results for the fiscal year ended March 31, 2022

### (1) Non-consolidated operating results

Millions of yen, rounded down

	FY ended March 31, 2021		FY ended March 31, 2022	
		% change		% change
Net sales	195,850	(0.9)	171,858	-
Operating profit	23,379	(4.1)	21,510	(8.0)
Ordinary profit	24,073	(1.5)	23,682	(1.6)
Net profit	16,640	2.7	20,637	24.0
Earnings per share (¥)	124.51		155.75	
Earnings per share (diluted) (¥)	-		-	

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

2. As the Company 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 previous fiscal year is not shown. Assuming that the same accounting standard as before was applied to sales for the fiscal year ended March 2022, the percentage of change from the previous fiscal year is -0.5%, excluding the impact of the application of this accounting standard.

### (2) Non-consolidated financial position

Millions of yen, rounded down

	As of March 31, 2021	As of March 31, 2022
Total assets	211,323	208,494
Net assets	165,187	166,728
Shareholders' equity/total assets (%)	78.2	80.0
Net assets per share (¥)	1,236.06	1,291.25

Shareholders' equity: As of March 31, 2022: ¥166,728 million, As of March 31, 2021: ¥165,187 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 11 Overview of Operating Results (4) Consolidated forecasts.
2. The earnings per share forecast for the fiscal year ending March 31, 2023 is calculated using 129,121,374 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 May 10, 2022. A video 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 FY March 2022, the global economy experienced a sharp increase in uncertainty due to sluggish economic activities and subsequent supply chain disruptions caused by re-expansion of COVID-19, as well as soaring energy and raw material prices due to the Russian and Ukrainian situation toward the end of the fiscal year. The Japanese economy also faced extremely severe conditions, as social and economic activities were restricted by the COVID-19 variant expansion. The impact of geopolitical risks on the economy is unpredictable. In the snack foods and cereals foods market, where we operate, we saw rising demand for foods that are highly preservable and in-house meals due to restraints on going out and preparations for emergencies.

In this environment, we promoted business activities to achieve sustainable growth through innovation and challenges based on long-term vision (Vision for 2030) and the five-year medium-term business plan (from FY March 2020 to FY March 2024).

In the domestic business, we focused on create new value and realize high profit. Against lower yields of Hokkaido-produced potato due to the impact of hot and drought and soaring raw material prices, we implemented price and content revisions of *Potato Chips* and other snack foods, and rolled out products that meet diversifying needs due to the COVID-19, such as the bean-based snack *miino* and the stand-pouch-type *Jagarico*. In cereal foods, we worked to expand our lineup of products that meet demand for inter-meal and highlight health and functionality, as well as medium-sized products that are easy for customers to purchase. In new businesses, we leveraged our affinity with ability to procure potatoes, which is one of our Group's strengths, to develop business through new raw materials, such as expansion of the sweet potato business by Potato Kaitsuka Ltd. which is engaged in the wholesale business of sweet potato and the direct sales of baked sweet potatoes.

In the overseas business, we leveraged the strengths of processing technologies and product development capabilities of natural raw materials that we have cultivated in our domestic business to promote business activities in accordance with the characteristics of the market in the four key regions (North America, Greater China, the United Kingdom, and Indonesia). In North America, in April 2021, we integrated our previously dispersed R&D, sales and marketing functions into a holding company structure that enables comprehensive strategic planning. In Greater China, we sought to promote Calbee brand by strengthening our product lineup and promotional activities with the aim of becoming a sales channel expansion for retail channel. In the United Kingdom, under Seabrook brand, in addition to our mainstay *Potato Chips*, we worked to expand our corn-and bean-based snack foods, and in Indonesia, we developed snack foods of a four-tiered structure that apply domestic processing technologies and new flavor *Potato Chips* to cultivate new customer base. In addition, in response to rising raw material prices, we implemented price and content revisions for some snack foods in North America and the United Kingdom.

From the perspective of sustainable management, we promoted activities to effectively utilize renewable energy and reduce total greenhouse gas emissions. In addition, domestic plants began purchasing RSPO certified palm oil (mass balance method) in July 2021. We disclose the effect of climate change, a key issue for sustainable growth, after carefully examining risks and opportunities based on TCFD framework in our integrated report.

Effective from the beginning of FY March 2022, the Group adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and changed the method to deduct a portion of selling expenses (rebates, etc.) from sales, which was previously recorded in selling, general and administrative expenses. Net sales (by business, by product, and by region) and operating margin are compared and analyzed year-on-year, excluding the impact of the adoption of accounting standards. For more information on this change, please refer to "Changes in accounting policy" in "4. Consolidated financial statement and key notes (5) Notes to Consolidated Financial Statements (Changes in accounting policy)".

Net sales for FY March 2022 amounted to ¥245,419 million. Growth in overseas business resulted in a 4.2% increase excluding the impact of the adoption of the revenue recognition standard. In the domestic business, sales of products with new value, such as the bean-based snack *miino*, grew, but sales of *Potato Chips* declined due to the impact of lower raw material potato yield. As a result, sales were virtually unchanged. Sales of overseas business increased due to higher sales in all nations.

Operating profit was ¥25,135 million (down 7.1%) due to the inability to absorb the impact of soaring prices of raw materials such as food oil, despite the implementation of measures such as product prices and content revisions and cost reduction. Operating margin was 10.2%, a decrease of 1.1 percentage

points, which excludes the impact of the adoption of the revenue recognition standard. Profit attributable to owners of the parent was ¥18,053 million (up 2.1%) due to foreign exchange gains and gains on forgiveness of debts (gain on forgiveness of payroll protection program loans in the U.S.).

Results by business are as follows.

*Millions of yen, rounded down*

	FY ended March 31, 2021	FY ended March 31, 2022	
	Amount	Amount	Growth (%)
Domestic production and sale of snack and other foods business	213,639	213,602	(0.0)
Domestic snack foods	175,675	176,888	+0.7
Domestic cereals	27,722	24,696	(10.9)
Domestic others	10,241	12,018	+17.3
Overseas production and sale of snack and other foods business	53,106	64,439	+21.3
Subtotal	266,745	278,042	+4.2
Deduction of rebates, etc.	-	(32,623)	-
Production and sale of snack and other foods business Total	266,745	245,419	-

Production and sale of snack and other foods business

Sales of production and sale of snacks and other foods increased due to growth in overseas business.

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*

	FY ended March 31, 2021	FY ended March 31, 2022	
	Amount	Amount	Growth (%)
Potato-based snacks	128,841	126,882	(1.5)
<i>Potato Chips</i>	86,593	83,434	(3.6)
<i>Jagarico</i>	34,539	34,871	+1.0
<i>Jagabee / Jaga Pokkuru</i>	7,708	8,576	+11.3
Flour-based snacks	21,498	22,073	+2.7
Corn- and bean-based snacks	17,099	18,764	+9.7
Other snacks	8,235	9,167	+11.3
Domestic snack foods total	175,675	176,888	+0.7

- Sales of potato-based snacks decreased due to a smaller potato harvest.
  - Sales of *Potato Chips* declined as a result of restrained sales promotion activities and a readjustment of products launch plan due to a decrease in raw material potato yield.
  - In *Jagarico* as well, we were forced to curtail sales promotion activities and readjustment of product launch plan. However, sales of stand-pouch types, such as *Jagarico Salad bits Omori* (large-bag type), grew, resulting in an increase in sales.
  - In *Jagabee/ Jaga Pokkuru*, although inbound tourists and domestic tourists remained sluggish, sales increased due to a contributions in aggressive expansion into events and product exhibitions.
  
- In corn-and bean-based snacks, sales of the bean-based snack *miino* were favorable due to the impact of TV commercials and other promotional campaigns, resulting in an increase in sales.
  
- Sales of other snacks increased due to *Potato Deluxe* sales area expansion.
  
- Domestic cereals:  
 Domestic cereals was ¥24,696 million (10.9% down), mainly due to the transfer of export sales to China to an overseas subsidiary. Sales to domestic consumers declined in the first half due to the absence of previous year's nesting demand, but recovered from the second half due to the strengthening of the lineup of medium-sized products.
  
- Domestic others:  
 In other domestic businesses, sales were strong in the sweet potato business via wholesale and company-owned shop, rising 17.3% to ¥12,018 million.



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

Overseas production and sale of snack and other foods business sales increased.

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

Millions of yen, rounded down

	FY ended March 31, 2021	FY ended March 31, 2022		
	Amount	Amount	Growth (%)	Growth on local currency basis(%)
North America	14,442	16,156	+11.9	+5.2
Greater China*	15,131	19,590	+29.5	+17.0
United Kingdom	6,507	8,025	+23.3	+11.1
Indonesia	4,055	6,160	+51.9	+40.4
Other regions**	12,970	14,507	+11.8	+5.5
Overseas production and sale of snack and other foods business total	53,106	64,439	+21.3	+12.1

\* Greater China: China and Hong Kong.

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

- In North America, sales of the bean-based snack foods *Harvest Snaps* increased due to the strong performance of the delivery expansion of small bags for dollar store channels, etc.
- In Greater China, sales of both snack foods and cereals grew. In snack foods, sales of *Honey Butter Chip*, *Jagabee*, and *Jagarico* were strong for both e-commerce and retail channel. Sales of the cereal food product *Frugra* expanded for retail channel.
- In the U.K., sales of Seabrook branded *Potato Chips* and corn-based snacks *Loaded Fries* were strong, resulting in higher sales.
- In Indonesia, in addition to contributions of the new *Guribee*, products of the existing *Potato Chips* and flour-based snacks *Krisbee* grew, resulting in an increase in sales.
- Sales in other regions increased due to growth in Australia, Thailand, and South Korea.

## **(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, 2022 decreased by ¥2,379 million to ¥236,598 million, due to the redemption of securities in order to acquire property, plant and equipment, repay long-term borrowings and acquire treasury shares. The main reason for the increase in property, plant and equipment was the expansion of existing domestic businesses, including installation of automated warehousing for expansion of production volume and the acquisition of additional *Kataage Potato* manufacturing line.

Liabilities decreased by ¥3,097 million to ¥53,140 million. This was mainly due to a decline in long-term borrowings as a result of switching the borrowings of Potato Kaitsuka Ltd. to parent-subsidiary loan.

Net assets increased by ¥718 million to ¥183,458 million. This was mainly due to an increase in retained earnings resulting from the posting of profit attributable to owners of parent, despite the acquisition of treasury shares with the aim of further the distribution of profits to shareholders and improving capital efficiency.

From those stated above, the shareholders' equity ratio was 74.1%, up 0.7 percentage points.

### (3) Overview of cash flows

Cash and cash equivalents as of March 31, 2022 were ¥49,670 million, an increase by ¥2,388 million.

#### Cash flows from operating activities

Operating activities resulted in a net cash inflow of ¥22,327 million, a decrease of ¥8,122 million. This was mainly due to an increase in foreign exchange gains as a result of the depreciation of the yen and a decrease in the amount of change in trade receivables as a result of favorable sales.

#### Cash flows from investing activities

Investing activities resulted in a net cash inflow of ¥3,643 million, an increase of ¥35,713 million. This was mainly due to a decrease in payments for purchase of securities to acquire treasury stock and to repay long-term debt, and the purchase of shares in subsidiaries resulting in a change in the scope of consolidation due to the acquisition of shares of Potato Kaitsuka Ltd. (hereinafter, "Potato Kaitsuka") in the previous FY.

#### Cash flows from financing activities

Financing activities resulted in a net cash outflow of ¥25,168 million, an increase of ¥17,533 million. This was mainly due to an increase in expenditures for the purchase of treasury shares and the switch of Potato Kaitsuka's long-term debt to a parent-subsidary loan.

#### Information Regarding Capital Resources and Shareholders' equity Liquidity

##### • Developments in Demand for Funds

Calbee Group's capital needs include the payment of raw materials, labor, expenses and selling, personnel and logistics expenses for the manufacture of products, which are used to fund our operations. Funds used in investing activities consist mainly of capital investment and growth investment. Funds used in financing activities consist mainly of capital requirements related to dividends paid by the parent company.

With regard to the capital needs above, we plan to allocate the sum of cash flow from operating activities which we expect to acquire in the five years from FY March 2020 to FY March 2024 and cash on hand, etc., based on the five-year medium-term business plan (from FY March 2020 to FY March 2024).

Specifically, we plan to allocate funds to capital investment aiming to growth and improve productivity in existing businesses and to strengthen overseas production structure, growth investments aiming to acquire foundation for growth based on a long-term perspective, including new businesses, promotion of digital transformation, and M&A etc., and to shareholder returns aiming a target of total return ratio of 50% or more and DOE4% (consolidated) as basic policy.

The status of cash outlays as of the end of the 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	Medium-term business plan	Progress (%)
Capital investment	8,751	11,205	12,123	60,000	53.5
Growth investment	7,558	13,330	1,492	80,000	28.0
Shareholder returns	6,425	6,693	18,691	50,000	63.6
Total	22,735	31,229	32,307	190,000	45.4

##### • Fund-raising process

In principle, the Group raises funds by using cash provided by 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 Group, thereby centrally managing surplus funds, securing liquidity for funds, and improving fund efficiency. In addition, the Company has entered into overdraft agreements with several financial institutions with the aim of supplementing the liquidity of its funds further, and the Company recognizes that it has sufficient liquidity to fund its business operations.

#### **(4) Consolidated forecasts**

Under medium-term business plan (from FY March 2020 to FY March 2024), we aim to achieve sustainable growth through innovation and challenges by building a foundation that responds to changes in the business environment.

In the fiscal year ending March 2023, the business environment is expected to be challenging due to geospatial risks caused by the Russian and Ukrainian situation and the resulting further increase in energy and raw material costs.

In the domestic business, in response to rising prices for energy and raw materials, the Group will flexibly implement price and content revisions for core products, while expanding its lineup of new value-added and high-value-added products.

In overseas business as well, we will absorb cost increases by implementing flexible price and content revisions, while focusing on Calbee brand-penetration and product-portfolio enhancement and business expansion in key regions, including North America and Greater China.

As a result, consolidated net sales for the year ending March 31, 2023 are expected to be ¥268,000 million (9.2% up), operating profit to be ¥25,500 million (1.4% up), and net profit attributable to parent company owners to be ¥15,500 million (14.1% down).

The main exchange rates used as basis for this forecast are 1USD=¥122, 1RMB=¥19.30, 1GBP=¥161, 1IDR=¥0.0086.

#### **2. Basic policy for profit distribution and dividends for fiscal year to March 2022 and 2023**

We recognize that the distribution of profits to our stockholders is one of our top management priorities. Based on medium-term business plan (from FY March 2020 to FY March 2024), we aim to achieve a stable dividend increase with a total return ratio of 50% or more and DOE4%.

The cash flow generated over the five-year period will be used to return profits to shareholders, including share repurchases. In addition, the cash flow will be used to sustain the growth of existing businesses and to invest in new businesses based on improve productivity and long-term perspectives.

For the end of FY March 2022, we plan to increase the year-end dividends by ¥2 per share to ¥52 per share, bringing consolidated dividend payout ratio to 38.2%. This will be discussed at the 73rd Annual General Meeting of Shareholders to be held on June 22, 2022.

For the FY March 2023, we plan to pay an annual dividend of ¥52 per share and consolidated dividend payout ratio to be 43.3%.

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, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	34,572	35,005
Notes and accounts receivable - trade	30,449	—
Notes receivable - trade	—	750
Accounts receivable	—	31,832
Securities	38,899	23,999
Inventories	14,694	18,001
Other	4,868	5,588
Allowance for doubtful accounts	(5)	(6)
Total current assets	<u>123,477</u>	<u>115,171</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	71,541	77,798
Accumulated depreciation	(41,576)	(43,777)
Buildings and structures, net	<u>29,964</u>	<u>34,020</u>
Machinery, equipment and vehicles	111,167	118,704
Accumulated depreciation	(79,547)	(84,880)
Machinery, equipment and vehicles, net	<u>31,619</u>	<u>33,824</u>
Land	11,554	11,977
Leased assets	553	733
Accumulated depreciation	(150)	(274)
Leased assets, net	<u>403</u>	<u>458</u>
Construction in progress	2,489	1,255
Other	5,572	5,992
Accumulated depreciation	(4,324)	(4,550)
Other, net	<u>1,248</u>	<u>1,442</u>
Total property, plant and equipment	<u>77,280</u>	<u>82,979</u>
Intangible assets		
Goodwill	24,518	23,550
Other	1,978	2,529
Total intangible assets	<u>26,497</u>	<u>26,079</u>
Investments and other assets		
Investment securities	1,984	2,408
Long-term loans receivable	—	100
Deferred tax assets	5,352	5,178
Retirement benefit asset	2,549	2,895
Other	1,838	1,785
Allowance for doubtful accounts	(0)	(1)
Total investments and other assets	<u>11,723</u>	<u>12,368</u>
Total non-current assets	<u>115,501</u>	<u>121,427</u>
Total assets	<u>238,978</u>	<u>236,598</u>

As of March 31, 2021 As of March 31, 2022

Liabilities		
Current liabilities		
Notes and accounts payable – trade	10,160	11,849
Short-term borrowings	2,616	1,447
Current portion of long-term borrowings	298	—
Lease obligations	100	160
Accounts payable – other	7,649	8,229
Income taxes payable	5,153	4,242
Provision for bonuses	4,916	4,625
Provision for bonuses for directors (and other officers)	116	93
Provision for share-based remuneration	88	45
Other	11,484	11,565
Total current liabilities	42,585	42,259
Non-current liabilities		
Long-term borrowings	3,166	—
Lease obligations	383	375
Deferred tax liabilities	793	906
Provision for retirement benefits for directors (and other officers)	358	334
Provision for share-based remuneration for directors (and other officers)	265	323
Retirement benefit liability	7,846	8,049
Asset retirement obligations	749	749
Other	89	142
Total non-current liabilities	13,652	10,881
Total liabilities	56,238	53,140
Net assets		
Shareholders' equity		
Share capital	12,046	12,046
Capital surplus	4,777	3,232
Retained earnings	159,551	170,284
Treasury shares	(1,045)	(12,959)
Total shareholders' equity	175,329	172,604
Accumulated other comprehensive income		
Valuation difference on available-for-sales securities	300	436
Foreign currency translation adjustment	562	3,232
Remeasurements of defined benefit plans	(822)	(893)
Total accumulated other comprehensive income	39	2,775
Non-controlling interests	7,371	8,078
Total net assets	182,740	183,458
Total liabilities and net assets	238,978	236,598

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

	<i>Millions of yen, rounded down</i>	
	April 1, 2020 to March 31, 2021	April 1, 2021 to March 31, 2022
Net sales	266,745	245,419
Cost of sales	148,935	161,465
Gross profit	117,810	83,954
Selling, general and administrative expenses	90,746	58,818
Operating profit	27,064	25,135
Non-operating income		
Interest income	89	84
Dividend income	42	39
Share of profit of entities accounted for using equity method	39	19
Foreign exchange gains	452	1,712
Other	305	242
Total non-operating income	928	2,098
Non-operating expenses		
Interest expenses	100	99
Share of loss of entities accounted for using equity method	143	—
Depreciation	139	99
Expenses for acquisition of treasury stock	—	35
Other	87	61
Total non-operating expenses	470	295
Ordinary profit	27,522	26,938
Extraordinary income		
Gain on sale of non-current assets	14	6
Gain on forgiveness of debts	—	394
Gain on sales of investment securities	62	69
Subsidies income	150	67
Subsidy income related to COVID-19	227	—
Gain on liquidation of subsidiaries and associates	174	—
Other	3	5
Total extraordinary income	631	542
Extraordinary losses		
Loss on sale of non-current assets	57	23
Loss on retirement of non-current assets	559	407
Loss on cancellation of outsourcing agreement	750	180
Loss on valuation of investment securities	29	76
Loss on COVID-19	248	—
Other	126	46
Total extraordinary losses	1,771	733
Profit before income taxes	26,381	26,748
Income taxes – current	8,248	8,024
Income taxes – deferred	67	445
Total income taxes	8,315	8,470
Profit	18,065	18,277
Profit attributable to non-controlling interests	383	224
Profit attributable to owners of parent	17,682	18,053

## Consolidated statements of comprehensive income

*Millions of yen, rounded down*

	April 1, 2020 to March 31, 2021	April 1, 2021 to March 31, 2022
Profit	18,065	18,277
Other comprehensive income		
Valuation difference on available-for-sale securities	170	136
Foreign currency translation adjustment	1,825	3,251
Remeasurements of defined benefit plans, net of tax	(311)	(71)
Total other comprehensive income	1,684	3,316
Comprehensive income	19,750	21,594
Comprehensive income attributable to:		
Owners of parent	18,936	20,788
Non-controlling interests	813	805

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

April 1, 2020 to March 31, 2021

*Millions of yen, rounded down*

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,046	4,779	148,565	(933)	164,457
Cumulative effects of changes in accounting policies					—
Restated balance at the beginning of the year reflecting changes in accounting policies	12,046	4,779	148,565	(933)	164,457
Changes of items during period					
Dividends of surplus			(6,696)		(6,696)
Profit attributable to owners of parent			17,682		17,682
Purchase of treasury shares				(191)	(191)
Disposal of treasury shares				79	79
Purchase of shares of consolidated subsidiaries		(1)			(1)
Net change of items other than shareholders' equity					
Total changes of items during period	—	(1)	10,985	(112)	10,871
Balance at end of current period	12,046	4,777	159,551	(1,045)	175,329

	Accumulated other comprehensive income				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	129	(833)	(511)	(1,215)	6,390	169,632
Cumulative effect of changes in accounting policies						—
Balance at the beginning of the year reflecting changes in accounting policies	129	(833)	(511)	(1,215)	6,390	169,632
Changes of items during period						
Dividends of surplus						(6,696)
Profit attributable to owners of parent						17,682
Purchase of treasury shares						(191)
Disposal of treasury shares						79
Purchase of shares of consolidated subsidiaries						(1)
Net change of items other than shareholders' equity	170	1,395	(311)	1,254	981	2,235
Total changes of items during period	170	1,395	(311)	1,254	981	13,107
Balance at end of current period	300	562	(822)	39	7,371	182,740



April 1, 2021 to March 31, 2022

Millions of yen, rounded down

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,046	4,777	159,551	(1,045)	175,329
Cumulative effects of changes in accounting policies			(623)		(623)
Restated balance at the beginning of the year reflecting changes in accounting policies	12,046	4,777	158,928	(1,045)	174,706
Changes of items during period					
Dividends of surplus			(6,696)		(6,696)
Profit attributable to owners of parent			18,053		18,053
Purchase of treasury shares				(12,000)	(12,000)
Disposal of treasury shares				86	86
Purchase of shares of consolidated subsidiaries		(1,545)			(1,545)
Net change of items other than shareholders' equity					
Total changes of items during period	—	(1,545)	11,356	(11,913)	(2,101)
Balance at end of current period	12,046	3,232	170,284	(12,959)	172,604

	Accumulated other comprehensive income				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	300	562	(822)	39	7,371	182,740
Cumulative effects of changes in accounting policies						(623)
Restated balance at the beginning of the year reflecting changes in accounting policies	300	562	(822)	39	7,371	182,117
Changes of items during period						
Dividends of surplus						(6,696)
Profit attributable to owners of parent						18,053
Purchase of treasury shares						(12,000)
Disposal of treasury shares						86
Purchase of shares of consolidated subsidiaries						(1,545)
Net change of items other than shareholders' equity	136	2,670	(71)	2,735	707	3,442
Total changes of items during period	136	2,670	(71)	2,735	707	1,341
Balance at end of current period	436	3,232	(893)	2,775	8,078	183,458

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

	April 1, 2020 to March 31, 2021	April 1, 2021 to March 31, 2022
Cash flows from operating activities		
Profit before income taxes	26,381	26,748
Depreciation	9,051	9,189
Amortization of goodwill	1,753	1,819
Increase (decrease) in allowance for doubtful accounts	(13)	1
Increase (decrease) in provision for bonuses	315	(298)
Increase (decrease) in provision for bonuses for directors (and other officers)	(9)	(26)
Increase (decrease) in provision for share awards	83	44
Increase (decrease) in provision for share awards for directors	92	58
Increase (decrease) in retirement benefit liability	30	(27)
Decrease (increase) in retirement benefit asset	(52)	(229)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	27	(23)
Interest and dividend income	(131)	(123)
Interest expenses	100	99
Foreign exchange losses (gains)	(26)	(2,013)
Loss (gain) on liquidation of subsidiaries and associates	(174)	—
Subsidies income	(150)	(67)
Share of loss (profit) of entities accounted for using equity method	104	(19)
Loss (gain) on sale of investment securities	(61)	(60)
Loss (gain) on valuation of investment securities	29	76
Loss (gain) on sale of non-current assets	43	17
Loss on retirement of non-current assets	559	407
Decrease (increase) in trade receivables	476	(1,221)
Decrease (increase) in inventories	(2,026)	(2,780)
Increase (decrease) in trade payables	(253)	1,002
Increase (decrease) in accounts payable - other	566	(114)
Other, net	1,838	(1,209)
Subtotal	<u>38,555</u>	<u>31,248</u>
Interest and dividend received	131	120
Interest paid	(108)	(106)
Income taxes paid	(8,128)	(8,934)
Net cash provided by (used in) operating activities	<u>30,450</u>	<u>22,327</u>

Millions of yen, rounded down

	April 1, 2020 to March 31, 2021	April 1, 2021 to March 31, 2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,715)	(12,491)
Proceeds from sale of property, plant and equipment	17	15
Purchase of intangible assets	(626)	(1,024)
Purchase of securities	(44,896)	(26,998)
Proceeds from redemption of securities	36,182	43,900
Purchase of investment securities	(187)	(435)
Proceeds from sale of investment securities	121	218
Loan advances	(700)	(100)
Collection of loans receivable	1,460	180
Payments into time deposits	(968)	(925)
Proceeds from withdrawal of time deposits	1,318	922
Payments for guarantee deposits	(84)	(54)
Proceeds from refund of guarantee deposits	56	382
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(13,194)	—
Proceeds from subsidy income	150	52
Other, net	(3)	2
Net cash provided by (used in) investing activities	(32,069)	3,643
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(490)	(1,300)
Repayments of long-term borrowings	(298)	(3,465)
Purchase of treasury shares	(191)	(12,000)
Proceeds from share issuance to non-controlling shareholders	139	461
Dividends paid	(6,693)	(6,692)
Dividends paid to non-controlling interests	(12)	(222)
Repayments of lease obligations	(87)	(67)
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	(7,635)	(25,168)
Effect of exchange rate change on cash and cash equivalents	793	1,585
Net increase (decrease) in cash and cash equivalents	(8,460)	2,388
Cash and cash equivalents at beginning of period	55,742	47,282
Cash and cash equivalents at end of period	47,282	49,670

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

No applicable items

**Changes in accounting policy**

The company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Accounting Standard for Revenue Recognition") and other standards from the beginning of this fiscal year ended March 31, 2022 and adopted the policy of recognizing as revenue the amount expected to be received upon exchange of goods or services when it transfers control of the promised goods or services to be customer.

As a result, rebates and other items were previously accounted for as selling, general and administrative expenses when the amounts were finalized, but the Company has changed to a method of estimating the amount of the variable consideration and reducing it from sales at the time of sale.

For the application of the Accounting Standard for Revenue Recognition, etc., the company has followed transitional treatment prescribed in the proviso of Article 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the first quarter of the current fiscal year has been adjusted to retained earnings at the beginning of this fiscal year.

As a result, net sales for the fiscal year under review decreased by ¥32,623 million and selling, general and administrative expenses decreased by the same amount. The balance of retained earnings at the beginning of the fiscal year decreased by ¥623 million.

The impact on the figures in per share is described Per Share Information.

In addition, "Notes and accounts receivable-trade," which was presented in "Current total assets" in the previous fiscal year's consolidated balance sheets, is included in "Notes and accounts receivable-trade" and "Accounts receivable-trade" from the current fiscal year.

**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, 2021	FY ended March 31, 2022
Net assets per share (¥)	1,312.24	1,358.25
Earnings per share (¥)	132.30	136.25

Notes: 1) Earnings per share (diluted) is not stated because there are no dilutive shares.

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

	FY ended March 31, 2021	FY ended March 31, 2022
Total net assets on consolidated balance sheet (¥ million)	182,740	183,458
Amount attributable to common stock (¥ million)	175,369	175,379
Main differences (¥ million) Non-controlling interests	7,371	8,078
Number of shares of common stock outstanding (shares)	133,929,800	133,929,800
Number of shares of common stock as treasury stock (shares)	289,176	4,808,426
Number of common shares used for calculating net assets per share (shares)	133,640,624	129,121,374

3) Earnings per share were calculated based on the following:

	FY ended March 31, 2021	FY ended March 31, 2022
Profit attributable to owners of parent (consolidated) (¥ million)	17,682	18,053
Profit attributable to owners of parent attributable to common stock (¥ million)	17,682	18,053
Amount not belonging to common shareholders (¥ million)	—	—
Average number of shares during the period (shares)	133,652,937	132,502,953

4) 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, 275,951 treasury shares, and during the current consolidated fiscal year 271,442 treasury shares, were excluded from the average number of shares during the period used for calculating earnings per share and 288,265 treasury shares at the end of the previous fiscal year and 263,265 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.

5) As stated in "Changes in accounting policy", Accounting standard for revenue Recognition have been applied. As a result, net assets per share for the current fiscal year decreased by ¥4.83.

#### **Subsequent events**

No applicable items