

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

April 1, 2023 to September 30, 2023

## **Calbee, Inc.**

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

# SUMMARY OF FINANCIAL STATEMENTS (consolidated)

First Half Results for the Fiscal Year Ending March 31, 2024

**Calbee, Inc.**

**October 31, 2023**

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

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

Contact: Kazuhiro Tanabe

Executive Officer & CFO

Telephone: +81-3-5220-6222

Representative: Makoto Ehara, President & CEO, Representative Director

Scheduled date for submission of the first half financial report: November 10, 2023

Scheduled date for distribution of dividends: --

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

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

## **1) Consolidated results for the first six months (April 1, 2023 to September 30, 2023) of the fiscal year ending March 31, 2024**

### (1) Consolidated Operating Results

*Millions of yen, rounded down*

	Six months ended September 30, 2022		Six months ended September 30, 2023	
		% change		% change
Net sales .....	133,212	10.6	147,071	10.4
Operating profit.....	10,246	(23.0)	13,514	31.9
Ordinary profit.....	12,711	(6.4)	16,635	30.9
Profit attributable to owners of parent.....	8,311	(9.4)	10,864	30.7
Earnings per share (¥).....	64.37		86.97	
Earnings per share (diluted) (¥).....	—		—	

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

2. Comprehensive income: Six months ended September 30, 2023: ¥15,804 million (22.4%)

Six months ended September 30, 2022: ¥12,907 million (39.4%)

### (2) Consolidated Financial Position

*Millions of yen, rounded down*

	As of March 31, 2023	As of September 30, 2023
Total assets.....	239,095	266,206
Net assets .....	182,686	192,083
Shareholders' equity/total assets (%).....	72.8	68.4

Shareholders' equity: As of September 30, 2023: ¥182,202 million

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

## **2) Dividends**

*Yen*

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

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

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

*Millions of yen*

		% change
Net sales .....	298,000	6.7
Operating profit.....	26,000	16.9
Ordinary profit.....	28,500	21.5
Profit attributable to owners of parent.....	18,000	21.9
Earnings per share (¥).....	144.12	

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: Yes

## **Notes**

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

	As of March 31, 2023:	As of September 30, 2023:
1. Number of outstanding shares (including treasury shares)	133,929,800 shares	133,929,800 shares
2. Number of treasury shares	9,005,241 shares	9,050,466 shares
	Six months to September 30, 2022:	Six months to September 30, 2023:
3. Average number of shares during the period	129,126,339 shares	124,919,826 shares

Note: Regarding Calbee stock held in trust as treasury stock within shareholders' equity, the number of treasury shares includes 288,055 of these shares as of September 30, 2023 and 242,865 of these shares as of March 31, 2023, and the average number of shares excludes 247,566 treasury shares in the six months to September 30, 2023, and 258,257 treasury shares in the six months to September 30, 2022.

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

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

1. Forecasts, etc., recorded in this document include forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. For details of forecasts, please see Page 8, 1. Operating results (3) Consolidated forecasts for the fiscal year ending March 31, 2024.
2. The earnings per share forecast for the fiscal year ending March 31, 2024 is calculated using 124,899,580 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 October 31, 2023. An audio recording of the conference will be made available on our Japanese website after the conference.

## Contents

<b>1. Operating results</b> .....	5
(1) Summary of business performance.....	5
(2) Analysis of financial position.....	7
(3) Consolidated forecasts.....	8
<b>2. Consolidated financial statements and key notes</b> .....	9
(1) Consolidated balance sheets.....	9
(2) Consolidated statements of income and comprehensive income.....	11
(3) Consolidated statements of cash flows.....	13
(4) Notes to consolidated financial statements.....	15
Notes related to going concern assumption.....	15
Notes on occurrence of significant changes to shareholders' equity.....	15
Subsequent events.....	15

## 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 first six months of the current fiscal year totaled ¥147,071 million (up 10.4%), driven by the domestic business. Sales in the domestic business were ¥110,315 million (up 12.8%). The increase in sales was due to factors including the effect of price and content revisions, higher sales of gift snack items stemming from increased people flows and the absence of sales adjustments from the potato shortage in the first half of last year. Sales in the overseas business were ¥36,755 million (up 3.7%) due to expanded sales of snack foods in the UK, Indonesia, and other countries, despite sluggish sales in Greater China.

Operating profit was ¥13,514 million (up 31.9%), and operating margin was 9.2%, an increase of 1.5 percentage points. In the domestic business, higher raw material prices were more than offset by the effects of price and content revisions and increased profit from higher sales volume. Ordinary profit was ¥16,635 million (up 30.9%) due to the recording of foreign exchange gains in non-operating income on the depreciation of the yen, and profit attributable to owners of parent was ¥10,864 million (up 30.7%).

Results by business are as follows.

*Millions of yen, rounded down*

	H1 FY ended March 31, 2023	H1 FY ending March 31, 2024	
	Amount	Amount	Growth (%)
Domestic production and sale of snack and other foods business	97,782	110,315	+12.8
Domestic snack foods	90,051	102,908	+14.3
Domestic cereals	13,432	13,182	(1.9)
Domestic, others	5,619	6,419	+14.2
Deduction of rebates, etc.	(11,320)	(12,194)	—
Overseas production and sale of snack and other foods business	35,429	36,755	+3.7
Total, production and sale of snack and other foods business	133,212	147,071	+10.4

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

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

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

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

• Domestic snack foods:

Domestic snack foods sales increased.

Sales by product are as follows.

*Millions of yen, rounded down*

	H1 FY ended March 31, 2023	H1 FY ending March 31, 2024	
	Amount	Amount	Growth (%)
Potato Chips	40,622	46,096	+13.5
<i>JagaRico</i>	18,964	21,363	+12.6
Other snacks	30,464	35,448	+16.4
Total, domestic snack foods	90,051	102,908	+14.3

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

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

- Sales of *Potato Chips* increased driven by sales of regular items such as *Usu-Shio-Aji* and *Kataage Potato*.
- Sales of *JagaRico* increased on strong sales of regular items and the launch of a new product named *Skinny JagaRico Salad*.
- Sales of other snacks increased due to both growth in gift snack items such as *Jaga-Pokkuru* and steady sales of flour-based and corn/bean-based snacks.

• Domestic cereals:

Sales of domestic cereals were ¥13,182 million (down 1.9%) due to a decrease in sales volume accompanying a contraction in volume in the overall cereal market.

• Domestic, others:

Sales in other domestic businesses were ¥6,419 million (up 14.2%) on strong sales in the wholesale sweet potato business.

Overseas production and sale of snack and other foods business

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

Sales by region are as follows.

Millions of yen, rounded down

	H1 FY ended March 31, 2023	H1 FY ending March 31, 2024		
	Amount	Amount	Growth (%)	Growth on local currency basis (%)
North America	11,194	11,563	+3.3	(2.4)
Greater China	11,477	10,275	(10.5)	(11.5)
Other regions	17,526	19,841	+13.2	+7.0
Deduction of rebates, etc.	(4,768)	(4,924)	—	—
Total, overseas production and sale of snack and other foods business	35,429	36,755	+3.7	(1.1)

\* Greater China: China and Hong Kong

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

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

- In North America, while sales of bean-based snack *Harvest Snaps* and brands of Japanese origin such as *Kappa-Ebisen* grew, sales decreased on a local currency basis due to a decline in snack foods contract manufacturing sales.
- In Greater China, overall sales decreased on weak sales to retail outlets and via existing e-commerce channels, despite sales expansion in e-commerce growth channels.
- In Other regions, overall sales rose due to higher sales in the UK, Indonesia, and Thailand. In the UK, this was due to factors including increased sales of Seabrook brand *Potato Chips* and the launch of new products, while in Indonesia, sales grew mainly driven by *Potato Chips*. In Thailand, the consolidation of Greenday Global Co., Ltd. in July of last year and increased sales of mainstay products such as *JAXX* contributed to the increase.

## (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 September 30, 2023 increased by ¥27,110 million to ¥266,206 million, mainly due to an increase in notes and accounts receivable-trade as well as an increase in property, plant and equipment. The increase in notes and accounts receivable was due to delayed collection until the following month as the last day of September was a bank holiday. The main reasons for the increase in property, plant and equipment were the construction of new JagaRico manufacturing facilities and a new plant in Hiroshima.

Liabilities increased by ¥17,713 million to ¥74,122 million on an increase in short-term borrowings.

Net assets increased by ¥9,397 million to ¥192,083 million due to an increase in retained earnings.

As a result, the shareholders' equity ratio was 68.4%, down 4.4 percentage points.

### 2. Overview of cash flows

Cash and cash equivalents as of September 30, 2023 were ¥34,152 million, an increase of ¥3,860 million.

#### Cash flows from operating activities

Operating activities resulted in a net cash inflow of ¥5,318 million, a decrease of ¥4,064 million. This was mainly due to a decrease in trade receivables compared to the same period of the previous year from a delay in collection caused by a bank holiday.

#### Cash flows from investing activities

Investing activities resulted in a net cash outflow of ¥10,251 million, an increase of ¥6,096 million, mainly due to a decrease in proceeds from redemption of securities and an increase in expenditures for the purchase of property, plant and equipment.

#### Cash flows from financing activities

Financing activities resulted in a net cash inflow of ¥7,173 million, an increase of ¥13,183 million, mainly due to a net increase in short-term borrowings.

#### Information pertaining to financial resources and capital liquidity

##### · Developments in capital requirements

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

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

#### Details of capital requirements

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

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

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

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

*Millions of yen, rounded down*

	H1 FY ending March 31, 2024	3-year plan	Progress (%)
Growth investment	5,106	80,000	6.4
Efficiency investment	4,508	60,000	7.5
Shareholder returns	6,493	25,000	26.0
Total	16,108	165,000	9.6

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

• Fund-raising methods

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

**(3) Consolidated forecasts**

The consolidated forecasts for the fiscal year ending March 31, 2024 have been revised as follows, in accordance with the results for the six-month period under review and the latest performance trends.

Net sales and operating profit are expected to exceed the initial forecast, mainly due to favorable sales conditions in the domestic business and the effects of price and content revisions. Ordinary income and net income attributable to owners of the parent are expected to exceed the initial forecast due to the above factors, as well as foreign exchange gains in the first half of the fiscal year.

The exchange rate assumption used in this forecast is 1USD=¥145 (up from ¥133 in the initial forecast announced at the beginning of the fiscal year).

*Millions of yen*

	Revised forecast (A)	Previous forecast (B)	Change (A-B)	Change (%)
Net sales	298,000	293,000	+5,000	+1.7
Operating profit	26,000	24,000	+2,000	+8.3
Ordinary profit	28,500	23,500	+5,000	+21.3
Profit attributable to owners of parent	18,000	15,000	+3,000	+20.0



## 2. Consolidated financial statements and key notes

### (1) Consolidated balance sheets

Millions of yen, rounded down

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	32,167	37,096
Notes and accounts receivable - trade	37,121	50,000
Inventories	23,352	24,840
Other	6,439	4,636
Allowance for doubtful accounts	(110)	(104)
Total current assets	98,970	116,470
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,574	38,219
Machinery, equipment and vehicles, net	31,758	35,270
Land	16,330	16,533
Construction in progress	16,796	17,943
Other, net	2,074	2,281
Total property, plant and equipment	101,533	110,247
Intangible assets		
Goodwill	23,222	23,409
Other	2,709	2,650
Total intangible assets	25,932	26,060
Investments and other assets		
Investments and other assets, gross	12,659	13,428
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	12,658	13,427
Total non-current assets	140,124	149,735
Total assets	239,095	266,206

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	13,553	15,616
Short-term borrowings	1,290	15,206
Income taxes payable	3,702	4,663
Provision for bonuses	5,398	4,711
Provision for bonuses for directors (and other officers)	99	69
Provision for share-based remuneration	37	—
Other	21,581	23,150
Total current liabilities	45,663	63,417
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	323	79
Provision for share-based remuneration for directors (and other officers)	297	234
Retirement benefit liability	7,523	7,392
Asset retirement obligations	748	751
Other	1,853	2,246
Total non-current liabilities	10,745	10,704
Total liabilities	56,408	74,122
<b>Net assets</b>		
Shareholders' equity		
Share capital	12,046	12,046
Capital surplus	3,242	3,242
Retained earnings	178,329	182,684
Treasury shares	(24,886)	(24,972)
Total shareholders' equity	168,730	173,000
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	488	533
Foreign currency translation adjustment	5,225	9,088
Remeasurements of defined benefit plans	(332)	(419)
Total accumulated other comprehensive income	5,381	9,201
Non-controlling interests	8,574	9,881
Total net assets	182,686	192,083
Total liabilities and net assets	239,095	266,206

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

	<i>Millions of yen, rounded down</i>	
	April 1, 2022 to September 30, 2022	April 1, 2023 to September 30, 2023
Net sales	133,212	147,071
Cost of sales	90,436	98,709
Gross profit	42,776	48,362
Selling, general and administrative expenses	32,529	34,848
Operating profit	10,246	13,514
Non-operating income		
Interest income	54	173
Dividend income	19	24
Share of profit of entities accounted for using equity method	18	46
Foreign exchange gains	2,402	2,912
Other	108	177
Total non-operating income	2,603	3,334
Non-operating expenses		
Interest expenses	66	98
Share of loss of entities accounted for using equity method	1	—
Depreciation	52	82
Other	18	33
Total non-operating expenses	138	213
Ordinary profit	12,711	16,635
Extraordinary income		
Gain on sales of non-current assets	11	7
Gain on sales of investment securities	—	75
Subsidies income	71	36
Subsidy income related to COVID-19	77	—
Other	1	1
Total extraordinary income	161	120
Extraordinary losses		
Loss on sales of non-current assets	1	1
Loss on retirement of non-current assets	168	82
Total extraordinary losses	169	84
Profit before income taxes	12,704	16,671
Income taxes - current	3,227	4,590
Income taxes - deferred	905	820
Total income taxes	4,132	5,410
Profit	8,571	11,261
Profit attributable to non-controlling interests	259	396
Profit attributable to owners of parent	8,311	10,864

## Consolidated statements of comprehensive income

	<i>Millions of yen, rounded down</i>	
	April 1, 2022 to September 30, 2022	April 1, 2023 to September 30, 2023
Profit	8,571	11,261
Other comprehensive income		
Valuation difference on available-for-sale securities	21	44
Foreign currency translation adjustment	4,378	4,586
Remeasurements of defined benefit plans, net of tax	(64)	(87)
Total other comprehensive income	4,335	4,543
Comprehensive income	12,907	15,804
Comprehensive income attributable to		
Owners of parent	12,045	14,684
Non-controlling interests	862	1,120

### (3) Consolidated statements of cash flows

Millions of yen, rounded down

	April 1, 2022 to September 30, 2022	April 1, 2023 to September 30, 2023
Cash flows from operating activities		
Profit before income taxes	12,704	16,671
Depreciation	4,943	5,079
Amortization of goodwill	973	1,029
Increase (decrease) in allowance for doubtful accounts	26	(17)
Increase (decrease) in provision for bonuses	(832)	(710)
Increase (decrease) in provision for bonuses for directors (and other officers)	(8)	(33)
Increase (decrease) in provision for share awards	3	(3)
Increase (decrease) in provision for share-based remuneration for directors	1	57
Increase (decrease) in retirement benefit liability	16	(261)
Decrease (increase) in retirement benefit asset	(125)	(124)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(18)	(243)
Interest and dividend income	(73)	(197)
Interest expenses	66	98
Foreign exchange losses (gains)	(2,263)	(1,676)
Subsidies income	(19)	(36)
Share of loss (profit) of entities accounted for using equity method	(17)	(46)
Loss (gain) on sales of investment securities	—	(75)
Loss (gain) on sales of non-current assets	(10)	(5)
Loss on retirement of non-current assets	168	82
Decrease (increase) in trade receivables	(319)	(11,814)
Decrease (increase) in inventories	(4,426)	(889)
Increase (decrease) in trade payables	2,724	1,596
Increase (decrease) in accounts payable - other	(1,213)	(1,789)
Other, net	1,268	2,049
Subtotal	13,568	8,738
Interest and dividends received	84	197
Interest paid	(73)	(100)
Income taxes paid	(4,194)	(3,517)
Net cash provided by (used in) operating activities	9,383	5,318

*Millions of yen, rounded down*

	April 1, 2022 to September 30, 2022	April 1, 2023 to September 30, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,483)	(9,214)
Proceeds from sales of property, plant and equipment	10	22
Purchase of intangible assets	(482)	(259)
Purchase of securities	(5,000)	—
Proceeds from redemption of securities	9,000	—
Purchase of investment securities	(157)	(192)
Proceeds from sales of investment securities	46	225
Collection of loans receivable	77	—
Payments into time deposits	(1,688)	(3,278)
Proceeds from withdrawal of time deposits	579	2,424
Payments of guarantee deposits	(51)	(28)
Proceeds from refund of guarantee deposits	31	10
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,061)	—
Proceeds from subsidy income	19	36
Other, net	5	3
Net cash provided by (used in) investing activities	(4,154)	(10,251)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	465	13,800
Repayments of long-term borrowings	(86)	—
Purchase of treasury shares	(0)	(240)
Proceeds from share issuance to non-controlling shareholders	445	279
Dividends paid	(6,721)	(6,493)
Dividends paid to non-controlling interests	(41)	(96)
Repayments of lease obligations	(72)	(75)
Net cash provided by (used in) financing activities	(6,010)	7,173
Effect of exchange rate change on cash and cash equivalents	1,908	1,618
Net increase (decrease) in cash and cash equivalents	1,126	3,860
Cash and cash equivalents at beginning of period	49,670	30,292
Cash and cash equivalents at end of period	50,797	34,152

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

(Notes related to going concern assumption)

No applicable items.

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

No applicable items.

(Subsequent events)

No applicable items.