

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

April 1, 2020 to June 30, 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)

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

Calbee, Inc.

July 30, 2020

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

Stock exchange listings: Tokyo 1st section, code number 2229

Contact: Koichi Kikuchi
Senior Managing Director & CFO
Telephone: +81-3-5220-6222

Representative: Shuji Ito, President & CEO, Representative Director

Scheduled date for submission of the first quarter financial report: August 7, 2020

Scheduled date for distribution of dividends: --

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

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

1) Consolidated results for the first three months (April 1, 2020 to June 30, 2020) of the fiscal year ending March 31, 2021

(1) Consolidated Operating Results

Millions of yen, rounded down

	Three months ended June 30, 2019		Three months ended June 30, 2020	
		% change		% change
Net sales	61,912	1.1	64,385	4.0
Operating profit.....	6,448	11.7	6,552	1.6
Ordinary profit.....	6,069	(2.6)	6,415	5.7
Profit attributable to owners of parent.....	4,245	0.7	4,050	(4.6)
Earnings per share (¥).....	31.76		30.30	
Earnings per share (diluted) (¥).....	31.75		—	

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

2. Comprehensive income: Three months ended June 30, 2020: ¥4,682 million (41.3%)

Three months ended June 30, 2019: ¥3,314 million (-29.2%)

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of March 31, 2020	As of June 30, 2020
Total assets.....	214,967	214,990
Net assets	169,632	167,784
Shareholders' equity/total assets (%).....	75.9	74.9

Shareholders' equity: As of June 30, 2020: ¥160,937 million

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

2) Dividends

Yen

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

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

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

Millions of yen

		% change
Net sales	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.

2. Changes from the most recently announced results forecast: None

Notes

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

	As of March 31, 2020:	As of June 30, 2020:
1. Number of outstanding shares (including treasury shares)	133,929,800 shares	133,929,800 shares
2. Number of treasury shares	254,501 shares	254,501 shares
	Three months to June 30, 2019:	Three months to June 30, 2020:
3. Average number of shares during the period	133,655,098 shares	133,675,299 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 June 30, 2020 and 253,590 of these shares as of March 31, 2020, and the average number of shares excludes 253,590 treasury shares in the three months to June 30, 2020, and 266,915 treasury shares in the three months to June 30, 2019.

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

Appropriate use of financial forecasts and other items

1. Forecasts, etc., recorded in this document include forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. For details of forecasts, please see Page 8, 1. Operating results (3) Consolidated forecasts for the fiscal year ending March 31, 2021.
2. The earnings per share forecast for the fiscal year ending March 31, 2021 is calculated using 133,675,299 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 July 30, 2020. An audio recording of the conference will be made available on our Japanese website after the conference.

Contents

1. Operating results	5
(1) Summary of business performance.....	5
(2) Analysis of financial position.....	8
(3) Consolidated forecasts.....	8
2. Consolidated financial statements and key notes	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
Business combinations and other related matters.....	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 for the first three months (April 1, 2020 to June 30, 2020) of the fiscal year ending March 31, 2021 increased 4.0% year on year to ¥64,385 million due to the expansion of overseas businesses. In the overseas businesses, in addition to contributions of Warnock Food Products, Inc. (hereinafter, "Warnock") that has become consolidated in November 2019 and sales expansion of snacks and cereals through e-commerce in the Greater China contributed to an increase in sales. In the domestic business, the acquisition of Potato Kaitsuka Co. Ltd. (hereinafter "Potato Kaitsuka") in April 2020 contributed to an increase in sales. Demand for cereals increased as preserved foods, amid restrictions on outings due to the state of emergency with the expansion of COVID-19. On the other hand, sales of gift products decreased due to a decline in inbound tourists and stagnation in the nationwide transport of people. As a result, domestic sales remained almost flat year on year.

Operating profit increased 1.6% to ¥6,552 million, and operating margin was 10.2%, a deterioration of 0.2 percentage points. Although lower sales of high-margin gift products negatively affected profitability domestically, higher overseas sales contributed to an increase in operating profits. Ordinary profit increased 5.7% to ¥6,415 million, reflecting lower non-operating expenses for foreign exchange losses year on year. Net profit attributable to owners of the parent decreased 4.6% to ¥4,050 million due to the recording of extraordinary losses of ¥229 million for the disposal related costs of gift products and expenses for the temporary company-owned shop closures caused by the impact of the expansion of COVID-19.

Millions of yen, rounded down

	Q1 FY ended March 31, 2020		Q1 FY ending March 31, 2021		Growth in yen	Growth on local currency basis
	Amount	%	Amount	%		
Domestic sales	51,480	83.2	51,454	79.9	-0.1	-0.1
Overseas sales	10,432	16.8	12,931	20.1	+24.0	+29.5
Total	61,912	100.0	64,385	100.0	+4.0	+4.9

Results by business are as follows.

Millions of yen, rounded down

Sales	Q1 FY ended March 31, 2020	Q1 FY ending March 31, 2021	
	Amount	Amount	Growth (%)
Production and sale of snack and other foods business	61,561	64,067	+4.1
Domestic production and sale of snack and other foods business	51,129	51,136	+0.0
Domestic snack foods	44,634	41,345	-7.4
Domestic cereals	6,209	7,973	+28.4
Other domestic foods (Sweet potatoes, Potatoes)	285	1,817	+535.9
Overseas production and sale of snack and other foods business	10,432	12,931	+24.0
Overseas snack foods	8,950	10,978	+22.7
Overseas cereals	1,481	1,952	+31.8
Other businesses	351	317	-9.6
Total	61,912	64,385	+4.0

Domestic production and sale of snack and other foods business

• Domestic snack foods:

Sales of domestic snack foods decreased year on year.

Sales of domestic snack foods by product are as follows.

Millions of yen, rounded down

Sales	Q1 FY ended March 31, 2020	Q1 FY ending March 31, 2021	
	Amount	Amount	Growth (%)
Potato-based snacks	32,342	29,120	-10.0
<i>Potato Chips</i>	20,122	19,461	-3.3
<i>Jagarico</i>	9,327	7,865	-15.7
<i>Jagabee/ Jaga Pokkuru</i>	2,892	1,794	-38.0
Flour-based snacks	5,334	5,501	+3.1
<i>Kappa Ebisen</i>	2,363	2,366	+0.1
<i>Sapporo Potato, etc.</i>	2,971	3,134	+5.5
Corn- and bean-based snacks*	4,449	4,763	+7.0
Other snacks	2,506	1,959	-21.8
Domestic snack foods total	44,634	41,345	-7.4

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

- Sales of potato-based snacks decreased year on year due to the impact of expansion of COVID-19.
 - In *Potato Chips*, the strong demand continued since the fourth quarter of the previous fiscal year and especially the demand for the products for household consumption and in large-size packages was higher. However, we were unable to respond to this change in demand and implemented measures to suspend sales of some products in conjunction with temporary supply adjustments and suspension of some products. As a result, sales of *Potato Chips* decreased year on year.
 - Sales of *Jagarico* decreased year on year due to sluggish sales resulting from a decline in demand for outing or at offices.
 - Sales of *Jagabee/Jaga Pokkuru* declined significantly year on year due to a decrease in sales of *Jaga Pokkuru*, a gift product, which was affected by a decline in inbound and domestic tourists.
- Sales of flour-based snacks increased year on year, due to an increase sales of products such as *Sapporo Potato*.
- Sales of corn-and bean-based snacks increased year on year due to favorable sales of corn-based snacks such as *Mike Popcorn*.
- Sales of other snacks decreased year on year, due to a decrease in sales of other gift products.

• Domestic cereals:

Sales of domestic cereals increased year on year due to growth in both for domestic consumption and for retail store in Greater China. Regarding the cereals for domestic consumption, demand continued to grow since the fourth quarter of the previous fiscal year with expansion of the COVID-19. Sales increased mainly for *Frugra* regular products and *Frugra Less Carbohydrates*. *Frugra* sales for retail store in Greater China also grew.

• Other domestic foods (Sweet potatoes, Potatoes):

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

wholesale of sweet potato varieties with high-sugar content, which are suitable mainly for baked sweet potatoes.

Overseas production and sale of snack and other foods business

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

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

Millions of yen, rounded down

Sales	Q1 FY ended March 31, 2020	Q1 FY ending March 31, 2021	
	Amount	Amount	Growth (%)
North America	2,258	3,530	+56.3
Greater China*	2,789	4,028	+44.4
United Kingdom	1,436	1,568	+9.2
Indonesia	1,200	855	-28.7
Other regions**	2,748	2,948	+7.3
Overseas production and sale of snack and other foods business total	10,432	12,931	+24.0

* Greater China: China and Hong Kong.

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

- Sales in North America increased significantly year on year due to the sales contribution of Warnock that has become consolidated in November 2019. Regarding the existing business, sales of bean-based snack *Harvest Snaps* decreased due to a sluggish demand resulting from a decline in promotional opportunities amid the impact of expansion of COVID-19, in spite of sales growth of our potato chips and snacks such as *Jagarico* in ethnic foods area.
- Sales in Greater China increased significantly year on year. Sales grew both of snacks such as *Jaga Pokkuru* and cereals *Frugra* due to a strong demand in e-commerce amid the impact of expansion of COVID-19.
- Sales in the United Kingdom increased year on year due to increased demand regular potato chips under Seabrook brand.
- Sales in Indonesia decreased year on year due to production of potato chips affected by the delays in procuring imported raw material potato caused by the impact of the COVID-19.
- Sales in other regions increased year on year mainly due to sales increasing in Australia with sales expansion of *Harvest Snaps*.

(2) Analysis of financial position

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

1. Overview of assets, liabilities and net assets

Total assets as of June 30, 2020 were ¥214,990 million, an increase of ¥22 million. This was mainly due to an increase in goodwill resulting from the acquisition of Potato Kaitsuka, despite a decrease in cash and deposits due to the acquisition of shares of Potato Kaitsuka.

Liabilities increased ¥1,870 million to ¥47,205 million. This was mainly due to an increase in long-term and short-term borrowings associated with the inclusion of Potato Kaitsuka in the scope of consolidation, despite of a decrease in income taxes payable due to the payment by the tax return.

Net assets decreased ¥1,847 million to ¥167,784 million due to a decrease in retained earnings resulting from dividends.

From those stated above, the shareholders' equity ratio was 74.9%, down 1.0 percentage points from the end of the previous fiscal year.

2. Overview of cash flows

Cash and cash equivalents as of June 30, 2020 were ¥49,240 million, a decrease of ¥6,502 million.

Cash flows from operating activities

Operating activities resulted in net cash inflow of ¥6,367, an increase of cash inflow of ¥1,265 million. This was mainly due to an increase in the collection of trade receivables in line with the increase in net sales and a decrease in income taxes paid. The decrease in income taxes paid was due to a temporary increase in payments during the previous fiscal year resulting from the sale of a consolidated subsidiary.

Cash flows from investing activities

Investing activities resulted in net cash outflow of ¥6,196 million, an increase of cash outflow of ¥6,862 million, mainly due to payments for the purchase of shares of subsidiaries resulting in change in scope of consolidation resulting from the purchase of shares of Potato Kaitsuka and increase in purchase of property, plant and equipment. Purchases of property, plant and equipment totaled ¥2,179 million, mainly aimed for enhancing domestic existing businesses such as establishment of *Calbits Frugra* production line.

Cash flows from financing activities

Financing activities resulted in net cash outflow of ¥6,775 million, an increase of cash outflow of ¥795 million, mainly due to net decrease in short-term borrowings resulting from repayments and increase in dividends paid.

(3) Consolidated forecasts

There is no change in the consolidated forecasts for the fiscal year ending March 31, 2021 announced on May 14, 2020.

2. Consolidated financial statements and key notes

(1) Consolidated balance sheets

Millions of yen, rounded down

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	42,909	25,655
Notes and accounts receivable - trade	29,718	27,584
Securities	30,653	31,996
Inventories	11,205	13,660
Other	5,219	4,400
Allowance for doubtful accounts	(7)	(12)
Total current assets	119,699	103,284
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,983	29,483
Machinery, equipment and vehicles, net	29,604	29,397
Land	11,270	11,492
Construction in progress	1,508	1,961
Other, net	1,351	1,718
Total property, plant and equipment	71,718	74,053
Intangible assets		
Goodwill	10,953	24,966
Other	2,080	2,017
Total intangible assets	13,034	26,984
Investments and other assets		
Investments and other assets, gross	10,516	10,667
Allowance for doubtful accounts	(1)	(0)
Total investments and other assets	10,515	10,667
Total non-current assets	95,267	111,705
Total assets	214,967	214,990

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,889	9,597
Short-term borrowings	871	2,788
Current portion of long-term borrowings	—	298
Income taxes payable	4,657	1,926
Provision for bonuses	4,581	1,859
Provision for bonuses for directors (and other officers)	119	75
Provision for share-based remuneration	83	83
Other	16,431	18,249
Total current liabilities	36,633	34,880
Non-current liabilities		
Long-term borrowings	—	3,434
Provision for retirement benefits for directors (and other officers)	330	344
Provision for share-based remuneration for directors (and other officers)	172	196
Retirement benefit liability	6,908	6,769
Asset retirement obligations	527	678
Other	763	900
Total non-current liabilities	8,701	12,324
Total liabilities	45,334	47,205
Net assets		
Shareholders' equity		
Share capital	12,046	12,046
Capital surplus	4,779	4,777
Retained earnings	148,565	145,919
Treasury shares	(933)	(933)
Total shareholders' equity	164,457	161,809
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	129	557
Foreign currency translation adjustment	(833)	(906)
Remeasurements of defined benefit plans	(511)	(522)
Total accumulated other comprehensive income	(1,215)	(871)
Non-controlling interests	6,390	6,847
Total net assets	169,632	167,784
Total liabilities and net assets	214,967	214,990

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

Millions of yen, rounded down

	April 1, 2019 to June 30, 2019	April 1, 2020 to June 30, 2020
Net sales	61,912	64,385
Cost of sales	34,291	36,125
Gross profit	27,621	28,260
Selling, general and administrative expenses	21,172	21,707
Operating profit	6,448	6,552
Non-operating income		
Interest income	27	30
Dividend income	20	19
Share of profit of entities accounted for using equity method	8	16
Other	97	93
Total non-operating income	154	160
Non-operating expenses		
Interest expenses	31	24
Share of loss of entities accounted for using equity method	0	137
Foreign exchange losses	433	54
Depreciation	30	48
Other	39	33
Total non-operating expenses	534	298
Ordinary profit	6,069	6,415
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on sales of investment securities	1	—
Gain on liquidation of subsidiaries and associates	—	142
Subsidies income	153	14
Other	3	—
Total extraordinary income	160	157
Extraordinary losses		
Loss on sales of non-current assets	0	14
Loss on retirement of non-current assets	40	42
Loss on COVID-19	—	229
Loss on store closings	136	—
Other	1	—
Total extraordinary losses	178	286
Profit before income taxes	6,051	6,285
Income taxes - current	1,561	1,624
Income taxes - deferred	205	344
Total income taxes	1,766	1,969
Profit	4,284	4,316
Profit attributable to non-controlling interests	38	266
Profit attributable to owners of parent	4,245	4,050

Consolidated statements of comprehensive income

	<i>Millions of yen, rounded down</i>	
	April 1, 2019 to June 30, 2019	April 1, 2020 to June 30, 2020
Profit	4,284	4,316
Other comprehensive income		
Valuation difference on available-for-sale securities	(115)	427
Foreign currency translation adjustment	(838)	(50)
Remeasurements of defined benefit plans, net of tax	(15)	(11)
Total other comprehensive income	(969)	365
Comprehensive income	3,314	4,682
Comprehensive income attributable to		
Owners of parent	3,465	4,393
Non-controlling interests	(151)	288

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

	April 1, 2019 to June 30, 2019	April 1, 2020 to June 30, 2020
Cash flows from operating activities		
Profit before income taxes	6,051	6,285
Depreciation	2,007	2,196
Amortization of goodwill	234	435
Increase (decrease) in allowance for doubtful accounts	(5)	(6)
Increase (decrease) in provision for bonuses	(2,274)	(2,740)
Increase (decrease) in provision for bonuses for directors (and other officers)	(0)	(45)
Increase (decrease) in provision for share-based remuneration for directors	21	23
Increase (decrease) in retirement benefit liability	(255)	(185)
Decrease (increase) in retirement benefit asset	14	(4)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	18	14
Interest and dividend income	(48)	(50)
Interest expenses	31	24
Foreign exchange losses (gains)	338	257
Loss (gain) on liquidation of subsidiaries and associates	—	(142)
Subsidies income	(153)	(14)
Share of loss (profit) of entities accounted for using equity method	(8)	120
Loss (gain) on sales of investment securities	(1)	—
Loss (gain) on sales of non-current assets	(1)	13
Loss on retirement of non-current assets	40	42
Decrease (increase) in trade receivables	2,032	2,843
Decrease (increase) in inventories	(693)	(1,204)
Increase (decrease) in trade payables	(378)	(456)
Increase (decrease) in accounts payable - other	(954)	(1,796)
Other, net	4,001	4,985
Subtotal	10,016	10,597
Interest and dividends received	49	53
Interest paid	(29)	(23)
Income taxes paid	(4,934)	(4,259)
Net cash provided by (used in) operating activities	5,102	6,367

	April 1, 2019 to June 30, 2019	April 1, 2020 to June 30, 2020
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,691)	(2,179)
Proceeds from sales of property, plant and equipment	2	0
Purchase of intangible assets	(172)	(153)
Purchase of securities	(15,933)	(8,000)
Proceeds from redemption of securities	17,563	17,182
Purchase of investment securities	(4)	(4)
Proceeds from sales of investment securities	5	—
Loan advances	(700)	(700)
Collection of loans receivable	800	700
Payments into time deposits	—	(410)
Proceeds from withdrawal of time deposits	632	619
Payments of guarantee deposits	(9)	(70)
Proceeds from refund of guarantee deposits	22	15
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(13,208)
Proceeds from subsidy income	153	14
Other, net	(1)	(1)
Net cash provided by (used in) investing activities	666	(6,196)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	38	(300)
Repayments of long-term borrowings	—	(30)
Purchase of treasury shares	(0)	—
Proceeds from exercise of employee share options	3	—
Proceeds from share issuance to non-controlling shareholders	323	139
Dividends paid	(6,306)	(6,542)
Dividends paid to non-controlling interests	(11)	(12)
Repayments of lease obligations	(26)	(28)
Net cash provided by (used in) financing activities	(5,979)	(6,775)
Effect of exchange rate change on cash and cash equivalents	(239)	100
Net increase (decrease) in cash and cash equivalents	(450)	(6,502)
Cash and cash equivalents at beginning of period	35,425	55,742
Cash and cash equivalents at end of period	34,975	49,240

(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.

(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. The main 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. Main grounds for determining which company to acquire

Due to Calbee, Inc., acquiring Potato Kaitsuka through a share acquisition by cash

(2) Period of business results of the acquired company included in the consolidated financial statements

From April 1, 2020 to June 30, 2020

(3) Acquisition cost of acquired company and the breakdown

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

(4) Details and amount of the main acquisition related costs

Advisory fees, etc.: ¥181 million

- (5) Amount of goodwill, reason for recognition, amortization method and period
1. Goodwill arising from the acquisition
¥14,534 million
 2. Reason for the recognition of goodwill
Expectation of future excess earning power due to business development.
 3. Amortization method and period
Goodwill is being amortized by the straight-line method over 15 years.