

Consolidated Financial Statements for the First Half of the Fiscal Year Ending March 31, 2022

April 1, 2021 to September 30, 2021

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, 2022

Calbee, Inc.

October 29, 2021

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

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

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Scheduled date for submission of the first half financial report: November 10, 2021

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, 2021 to September 30, 2021) of the fiscal year ending March 31, 2022

(1) Consolidated Operating Results

| | Six months ended September 30, 2020 | | Six months ended September 30, 2021 | |
|--|--|----------|--|----------|
| | | % change | | % change |
| Net sales | 130,947 | 4.6 | 120,440 | — |
| Operating profit..... | 13,013 | (1.8) | 13,302 | 2.2 |
| Ordinary profit..... | 12,749 | (0.5) | 13,574 | 6.5 |
| Profit attributable to owners of parent..... | 8,223 | (6.8) | 9,178 | 11.6 |
| Earnings per share (¥)..... | 61.52 | | 68.68 | |
| 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, 2021: ¥9,257 million (5.3%)

Six months ended September 30, 2020: ¥8,792 million (17.5%)

3. As the Company applied the "Accounting Standard for Revenue Recognition" (Business Accounting Standards No. 29) from the beginning of the fiscal year ending March 2022, the percentage change in net sales from the same period of the previous fiscal year is not shown. Assuming that the same accounting standard as before was applied to sales for the first half of the fiscal year ending March 2022, the percentage of change from the same period of the previous fiscal year is 4.0%, excluding the impact of the application of this accounting standard.

(2) Consolidated Financial Position

| | As of March 31, 2021 | As of September 30, 2021 |
|--|----------------------|--------------------------|
| | Total assets | 238,978 |
| Net assets | 182,740 | 183,329 |
| Shareholders' equity/total assets (%)..... | 73.4 | 74.5 |

Shareholders' equity: As of September 30, 2021: ¥175,800 million

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

2) Dividends

| | FY ended March 31, 2021 | FY ending March 31, 2022 (forecast) |
|-----------------------------------|--------------------------------|--|
| | Interim period per share | 0.00 |
| Year-end dividend per share | 50.00 | 52.00 |
| Annual dividend per share..... | 50.00 | 52.00 |

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

3) Consolidated forecasts for the fiscal year ending March 31, 2022(April 1, 2021 to March 31, 2022)

| | Millions of yen | |
|--|-----------------|----------|
| | | % change |
| Net sales | 240,000 | — |
| Operating profit..... | 28,000 | 3.5 |
| Ordinary profit..... | 27,500 | (0.1) |
| Profit attributable to owners of parent..... | 18,000 | 1.8 |
| Earnings per share (¥)..... | 134.69 | |

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

3. As the Company applied the "Accounting Standard for Revenue Recognition" (ASBJ No. 29) from the beginning of the fiscal year ending 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 ending March 2022, the percentage of change from the previous fiscal year is 3.1%, excluding the impact of the application of this standard.

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: Yes
 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, 2021: | As of September 30, 2021: |
|---|-----------------------------------|-----------------------------------|
| 1. Number of outstanding shares (including treasury shares) | 133,929,800 shares | 133,929,800 shares |
| 2. Number of treasury shares | 289,176 shares | 264,276 shares |
| | Six months to September 30, 2020: | Six months to September 30, 2021: |
| 3. Average number of shares during the period | 133,665,184 shares | 133,649,299 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 September 30, 2021 and 288,265 of these shares as of March 31, 2021, and the average number of shares excludes 279,574 treasury shares in the six months to September 30, 2021, and 263,807 treasury shares in the six months to September 30, 2020.

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 9, 1. Operating results (3) Consolidated forecasts for the fiscal year ending March 31, 2022.
2. The earnings per share forecast for the fiscal year ending March 31, 2022 is calculated using 133,640,624 shares as the expected average number of shares for the period.
3. Calbee, Inc. has scheduled a financial results phone conference for institutional investors and analysts for October 29, 2021. An audio recording of the conference will be made available on our Japanese website after the conference.

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1. Operating results

(1) Summary of business performance

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

Effective from the beginning of the first quarter of the current fiscal year, 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) Notes to Consolidated Financial Statements".

Net sales during the six-month period of the current fiscal year totaled ¥120,440 million. Both domestic and overseas business grew, with an increase of 4.0% excluding the impact of the adoption of revenue recognition standards. In the domestic business, sales increased due to strong sales of *Jagarico* and growth in products with new value such as the bean-based snack *Miino*. In the overseas business, sales increased due to growth in sales of snacks in Greater China, the United Kingdom, Indonesia, and other regions.

Operating profit increased 2.2% to ¥13,302 million, and the operating margin was 11.0%, remained flat from the same period of the previous fiscal year. Despite soaring prices for cooking oil and other raw materials, the effect of higher sales contributed to higher profits. Ordinary profit increased 6.5% to ¥13,574 million due to the recording of foreign exchange gains and other factors. Profit attributable to owners of parent increased 11.6% to ¥9,178 million due to a decrease in profit attributable to non-controlling interests.

Results by business are as follows.

Millions of yen, rounded down

| | H1 FY ended March 31, 2021 | H1 FY ending March 31, 2022 | |
|---|-------------------------------|--------------------------------|------------|
| | Amount | Amount | Growth (%) |
| Domestic production and sale of snack and other foods business | 104,285 | 105,733 | +1.4 |
| Domestic snack foods | 84,798 | 87,674 | +3.4 |
| Domestic cereals | 15,325 | 13,163 | -14.1 |
| Domestic others | 4,161 | 4,896 | +17.7 |
| Overseas production and sale of snack and other foods business | 26,662 | 30,459 | +14.2 |
| Subtotal | 130,947 | 136,193 | +4.0 |
| Deduction of rebates, etc. | — | -15,752 | — |
| Production and sale of snack and other foods business Total | 130,947 | 120,440 | — |

Production and sale of snack and other foods business

Production and sale of snacks and other foods increased in both domestic business and overseas business.

Domestic production and sale of snack and other foods business

• Domestic snack foods

Domestic snack foods increased in sales.

Sales of domestic snack foods by products are as follows.

Millions of yen, rounded down

| | H1 FY ended March 31, 2021 | H1 FY ending March 31, 2022 | |
|------------------------------|-------------------------------|--------------------------------|------------|
| | Amount | Amount | Growth (%) |
| Potato-based snacks | 61,429 | 63,317 | +3.1 |
| <i>Potato Chips</i> | 41,035 | 41,099 | +0.2 |
| <i>Jagarico</i> | 16,587 | 17,895 | +7.9 |
| <i>Jagabee/ Jaga Pokkuru</i> | 3,806 | 4,322 | +13.6 |
| Flour-based snacks | 10,690 | 10,672 | -0.2 |
| Corn- and bean-based snacks | 8,781 | 9,316 | +6.1 |
| Other snacks | 3,896 | 4,367 | +12.1 |
| Domestic snack foods total | 84,798 | 87,674 | +3.4 |

- Sales of potato-based snacks increased, driven by sales of *Jagarico*.
 - Sales of *Potato Chips* were almost unchanged from the same period of the previous fiscal year due to restrained sales promotion activities and the suspension and postponement of sales of some products, affected by delays in harvesting potatoes produced in prefectures other than Hokkaido, despite continued strong demand for *Kettle Chips*.
 - Sales of *Jagarico* increased due to growth in sales of stand-pouch-type products such as *Jagarico Salad bits Omori* (large-bag type) and the aggressive introduction of limited-time products.
 - Although inbound and domestic tourism remained sluggish, *Jagabee/ Jaga Pokkuru* increased in sales due to store set up at product exhibitions and sales in supermarkets etc.
- Sales of corn-and bean-based snacks increased due to favorable sales of *Miino*, a bean-based snack, stemming from promotional campaigns such as TV commercials.
- Sales of other snacks increased due to *Potato Deluxe* sales area expansion.

• Domestic cereals:

Domestic cereal sales were ¥13,163 million (decreased 14.1%), due to the transfer of export sales to Chinese overseas subsidiary and a decline from the absence of nesting demand in the previous year.

• Domestic others:

Domestic others sales amounted to ¥4,896 million (increased 17.7%) due to strong sales in the sweet potato business, both sales in wholesale and company-owned shops.

Overseas production and sale of snack and other foods business

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

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

Millions of yen, rounded down

| | H1 FY ended March 31, 2021 | H1 FY ending March 31, 2022 | | |
|--|-------------------------------|--------------------------------|------------|---|
| | Amount | Amount | Growth (%) | Growth on local currency basis(%) |
| North America | 7,472 | 7,649 | +2.4 | -0.9 |
| Greater China* | 7,881 | 9,109 | +15.6 | +5.7 |
| United Kingdom | 3,218 | 3,848 | +19.6 | +5.9 |
| Indonesia | 1,934 | 2,564 | +32.6 | +22.3 |
| Other regions** | 6,155 | 7,285 | +18.4 | +9.5 |
| Overseas production and sale of snack and other foods business total | 26,662 | 30,459 | +14.2 | +6.0 |

* Greater China: China and Hong Kong.

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

- Sales in North America decreased on a local currency basis due to a decrease in sales of ethnic foods area caused by a shortage of containers and difficult situation to cultivate OEM contractors due to the impact of the expansion of COVID-19 pandemic. Sales of the bean-based snacks *Harvest Snaps* were firm due to the expansion of delivery of small bags to dollar store channels and other factors.
- In Greater China, sales increased due to strong sales of snack products - *Honey Butter Chips* and *Jaga Pokkuru* for e-commerce and retail stores. On the other hand, sales of cereals declined due to the absence of nesting demand in the previous year.
- In the United Kingdom, sales increased due to solid sales of potato chips and contributions from *Loaded Fries* and other products launched in the second half of the previous fiscal year.
- In Indonesia, sales increased due to strong sales of new flavor of *Japota* potato chips and *Krisbee*, a flour-based snack.

(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, 2021 were ¥236,024 million, a decrease of ¥2,954 million. This was mainly due to a decrease in securities, despite an increase in cash and deposits, property, plant and equipment and inventories. The increases in property, plant and equipment were made to acquire buildings and structures and land by Warnock Food Products, Inc (hereinafter, "Warnock") and to expand existing domestic business. The increase in inventories goes along with the harvest season in Hokkaido, the largest producing region for domestic potatoes. The decrease in securities was due to the repayment of long-term borrowings and additional acquisition of shares of Warnock.

Liabilities decreased ¥3,543 million to ¥52,694 million. This was mainly due to a decrease in long-term borrowings and short-term borrowings as a result of switching the long-term borrowings of Potato Kaitsuka Co.Ltd. (hereinafter, "Potato Kaitsuka") to internal loan, despite an increase in notes and accounts payable-trade due to the harvest season of potatoes.

Net assets increased ¥589 million to ¥183,329 million. This was mainly due to an increase in retained earnings, despite a decrease in capital surplus due to the additional acquisition of shares of Warnock.

From those stated above, the shareholders' equity ratio was 74.5%, up 1.1 percentage points.

2. Overview of cash flows

Cash and cash equivalents as of September 30, 2021 were ¥62,032 million, an increase of ¥14,749 million.

Cash flows from operating activities

Operating activities resulted in net cash inflow of ¥12,792 million, a decrease of ¥1,855 million. This was mainly due to the foreign exchange gains and losses turning into gains, which comes from market value evaluation of foreign exchange contracts and an increase in income taxes paid.

Cash flows from investing activities

Investing activities resulted in a net cash inflow of ¥13,947 million, an increase of ¥25,699 million. This was mainly due to outlays for the purchase of shares of subsidiaries resulting in change in scope of consolidation in the same period of the previous fiscal year caused by the acquisition of shares of Potato Kaitsuka and a decrease in net payments for the purchase of securities.

Cash flows from financing activities

Financing activities resulted in a net cash outflow of ¥12,106 million, an increase of ¥3,650 million. This was mainly due to the switch of long-term borrowings of Potato Kaitsuka to internal loan and the payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation caused by additional purchase of shares of Warnock.

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 M&A. Funds used in financing activities consist mainly of capital requirements related to dividends paid by the parent company.

With regard to the cash outflow plan for investing activities and financing activities, based on the five-year medium-term business plan (from FY March 2020 to FY March 2024), we plan to allocate ¥180,000 million, which is the sum of cash flow from operating activities of ¥160,000 million and cash on hand of ¥20,000 million, which we expect to acquire in the five years from FY March 2020 to FY March 2024. We plan to allocate ¥60,000 million to capital investment to growth/raise productivity in existing businesses, and to strengthen overseas

production structure, ¥80,000 million to investments to acquire foundation for growth based on a long-term perspective, including new businesses, promotion of digital transformation, and M&A etc, and ¥40,000 million to shareholder returns.

The status of cash outlays as of the end of first half of the current fiscal year under review is as follows.

Millions of yen, rounded down

| | FY ended March 31, 2020 | FY ended March 31, 2021 | H1 FY ending March 31, 2022 | medium-term business plan | Progress (%) |
|---------------------|-------------------------------|-------------------------------|--------------------------------------|------------------------------|-----------------|
| Capital investment | 8,751 | 11,205 | 6,586 | 60,000 | 44.2 |
| Growth investment | 7,558 | 13,330 | 368 | 80,000 | 26.6 |
| Shareholder Returns | 6,425 | 6,693 | 6,684 | 40,000 | 49.5 |
| Total | 22,735 | 31,229 | 13,639 | 180,000 | 37.6 |

- Fund-raising progress

In principle, Calbee Group's financing methods are funded by cash flows from operating activities, and temporary shortages of funds are funded based on 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, we have entered into overdraft agreements with several financial institutions with the aim of supplementing the liquidity of its funds further, and we recognizes that it has sufficient liquidity to fund its business operations.

(3) Consolidated forecasts

There is no change in the consolidated forecasts for the fiscal year ending March 31, 2022 announced on May 13, 2021.

2. Consolidated financial statements and key notes

(1) Consolidated balance sheets

Millions of yen, rounded down

| | As of March 31, 2021 | As of September 30, 2021 |
|--|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 34,572 | 39,331 |
| Notes and accounts receivable - trade | 30,449 | 29,714 |
| Securities | 38,899 | 27,999 |
| Inventories | 14,694 | 17,480 |
| Other | 4,868 | 3,970 |
| Allowance for doubtful accounts | (5) | (13) |
| Total current assets | 123,477 | 118,483 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 29,964 | 31,033 |
| Machinery, equipment and vehicles, net | 31,619 | 30,733 |
| Land | 11,554 | 11,835 |
| Construction in progress | 2,489 | 4,926 |
| Other, net | 1,651 | 1,623 |
| Total property, plant and equipment | 77,280 | 80,153 |
| Intangible assets | | |
| Goodwill | 24,518 | 23,620 |
| Other | 1,978 | 2,208 |
| Total intangible assets | 26,497 | 25,828 |
| Investments and other assets | | |
| Investments and other assets, gross | 11,724 | 11,559 |
| Allowance for doubtful accounts | (0) | (1) |
| Total investments and other assets | 11,723 | 11,558 |
| Total non-current assets | 115,501 | 117,540 |
| Total assets | 238,978 | 236,024 |

| | As of March 31, 2021 | As of September 30, 2021 |
|---|-------------------------|-----------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 10,160 | 13,390 |
| Short-term borrowings | 2,616 | 2,145 |
| Current portion of long-term borrowings | 298 | — |
| Income taxes payable | 5,153 | 3,817 |
| Provision for bonuses | 4,916 | 3,903 |
| Provision for bonuses for directors (and other officers) | 116 | 103 |
| Provision for share-based remuneration | 88 | — |
| Other | 19,235 | 18,955 |
| Total current liabilities | 42,585 | 42,316 |
| Non-current liabilities | | |
| Long-term borrowings | 3,166 | — |
| Provision for retirement benefits for directors (and other officers) | 358 | 327 |
| Provision for share-based remuneration for directors (and other officers) | 265 | 323 |
| Retirement benefit liability | 7,846 | 7,719 |
| Asset retirement obligations | 749 | 753 |
| Other | 1,267 | 1,253 |
| Total non-current liabilities | 13,652 | 10,377 |
| Total liabilities | 56,238 | 52,694 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 12,046 | 12,046 |
| Capital surplus | 4,777 | 3,232 |
| Retained earnings | 159,551 | 161,410 |
| Treasury shares | (1,045) | (959) |
| Total shareholders' equity | 175,329 | 175,729 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 300 | 486 |
| Foreign currency translation adjustment | 562 | 484 |
| Remeasurements of defined benefit plans | (822) | (900) |
| Total accumulated other comprehensive income | 39 | 70 |
| Non-controlling interests | 7,371 | 7,529 |
| Total net assets | 182,740 | 183,329 |
| Total liabilities and net assets | 238,978 | 236,024 |

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

Millions of yen, rounded down

| | April 1, 2020 to September 30, 2020 | April 1, 2021 to September 30, 2021 |
|---|---|---|
| Net sales | 130,947 | 120,440 |
| Cost of sales | 73,732 | 78,351 |
| Gross profit | 57,214 | 42,089 |
| Selling, general and administrative expenses | 44,200 | 28,787 |
| Operating profit | 13,013 | 13,302 |
| Non-operating income | | |
| Interest income | 51 | 45 |
| Dividend income | 21 | 20 |
| Share of profit of entities accounted for using equity method | 27 | 11 |
| Foreign exchange gains | — | 207 |
| Gain on sale of goods | 24 | 44 |
| Other | 102 | 73 |
| Total non-operating income | 227 | 403 |
| Non-operating expenses | | |
| Interest expenses | 51 | 46 |
| Share of loss of entities accounted for using equity method | 143 | — |
| Foreign exchange losses | 175 | — |
| Depreciation | 64 | 49 |
| Other | 57 | 35 |
| Total non-operating expenses | 491 | 131 |
| Ordinary profit | 12,749 | 13,574 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 12 | 3 |
| Gain on sale of investment securities | 42 | 46 |
| Subsidies income | 58 | 16 |
| Gain on liquidation of subsidiaries and associates | 142 | — |
| Subsidy income related to COVID-19 | 124 | — |
| Other | — | 4 |
| Total extraordinary income | 380 | 69 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 55 | 22 |
| Loss on retirement of non-current assets | 104 | 111 |
| Loss on valuation of investment securities | — | 54 |
| Loss on sale of investment securities | — | 8 |
| Loss on business restructuring | — | 34 |
| Loss on COVID-19 | 238 | — |
| Other | 60 | 2 |
| Total extraordinary losses | 459 | 233 |
| Profit before income taxes | 12,671 | 13,410 |
| Income taxes - current | 3,185 | 3,240 |
| Income taxes - deferred | 839 | 874 |
| Total income taxes | 4,025 | 4,114 |
| Profit | 8,645 | 9,295 |
| Profit attributable to non-controlling interests | 421 | 117 |
| Profit attributable to owners of parent | 8,223 | 9,178 |

Consolidated statements of comprehensive income

| | <i>Millions of yen, rounded down</i> | |
|---|--|--|
| | April 1, 2020 to September 30, 2020 | April 1, 2021 to September 30, 2021 |
| Profit | 8,645 | 9,295 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 387 | 186 |
| Foreign currency translation adjustment | (217) | (146) |
| Remeasurements of defined benefit plans, net of tax | (23) | (78) |
| Total other comprehensive income | 146 | (38) |
| Comprehensive income | 8,792 | 9,257 |
| Comprehensive income attributable to | | |
| Owners of parent | 8,368 | 9,209 |
| Non-controlling interests | 423 | 48 |

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

| | April 1, 2020 to September 30, 2020 | April 1, 2021 to September 30, 2021 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 12,671 | 13,410 |
| Depreciation | 4,367 | 4,447 |
| Amortization of goodwill | 871 | 902 |
| Increase (decrease) in allowance for doubtful accounts | (11) | 8 |
| Increase (decrease) in provision for bonuses | (907) | (1,011) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | 14 | (11) |
| Increase (decrease) in provision for share-based remuneration | (4) | (1) |
| Increase (decrease) in provision for share-based remuneration for directors | 46 | 58 |
| Increase (decrease) in retirement benefit liability | (96) | (181) |
| Decrease (increase) in retirement benefit asset | (10) | (114) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | 33 | (30) |
| Interest and dividend income | (73) | (66) |
| Interest expenses | 51 | 46 |
| Foreign exchange losses (gains) | 437 | (789) |
| Loss (gain) on liquidation of subsidiaries and associates | (142) | — |
| Subsidies income | (58) | (16) |
| Share of loss (profit) of entities accounted for using equity method | 116 | (11) |
| Loss (gain) on sale of investment securities | (42) | (37) |
| Loss (gain) on valuation of investment securities | — | 54 |
| Loss (gain) on sale of non-current assets | 42 | 18 |
| Loss on retirement of non-current assets | 104 | 111 |
| Decrease (increase) in trade receivables | 1,015 | 650 |
| Decrease (increase) in inventories | (2,931) | (2,787) |
| Increase (decrease) in trade payables | 2,419 | 3,225 |
| Increase (decrease) in accounts payable - other | (1,366) | (1,678) |
| Other, net | 2,375 | 1,317 |
| Subtotal | 18,920 | 17,512 |
| Interest and dividends received | 75 | 50 |
| Interest paid | (52) | (44) |
| Income taxes paid | (4,295) | (4,726) |
| Net cash provided by (used in) operating activities | 14,648 | 12,792 |

| | April 1, 2020 to September 30, 2020 | April 1, 2021 to September 30, 2021 |
|---|---|---|
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (4,602) | (6,448) |
| Proceeds from sale of property, plant and equipment | 16 | 5 |
| Purchase of intangible assets | (256) | (506) |
| Purchase of securities | (13,998) | (5,000) |
| Proceeds from redemption of securities | 20,186 | 25,900 |
| Purchase of investment securities | (8) | (199) |
| Proceeds from sale of investment securities | 67 | 128 |
| Loan advances | (850) | (100) |
| Collection of loans receivable | 700 | 120 |
| Payments into time deposits | (588) | (493) |
| Proceeds from withdrawal of time deposits | 791 | 492 |
| Payments of guarantee deposits | (78) | (21) |
| Proceeds from refund of guarantee deposits | 22 | 51 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (13,208) | — |
| Proceeds from subsidy income | 58 | 16 |
| Other, net | (2) | 4 |
| Net cash provided by (used in) investing activities | (11,751) | 13,947 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (1,500) | (500) |
| Repayments of long-term borrowings | (149) | (3,465) |
| Purchase of treasury shares | (191) | (0) |
| Proceeds from share issuance to non-controlling shareholders | 139 | 461 |
| Dividends paid | (6,681) | (6,684) |
| Dividends paid to non-controlling interests | (12) | (14) |
| Repayments of lease obligations | (59) | (21) |
| 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 | (8,456) | (12,106) |
| Effect of exchange rate change on cash and cash equivalents | 49 | 115 |
| Net increase (decrease) in cash and cash equivalents | (5,509) | 14,749 |
| Cash and cash equivalents at beginning of period | 55,742 | 47,282 |
| Cash and cash equivalents at end of period | 50,233 | 62,032 |

(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.

(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 the first quarter of the fiscal year ending 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 recorded 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 sales.

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 the first quarter of the current fiscal year.

As a result, net sales for the six months decreased by ¥15,752 million and selling, general and administrative expenses decreased by the same amount.

In addition, the balance of retained earnings at the beginning of the current fiscal year decreased by ¥623 million.

(Subsequent events)

Acquisition of Treasury Stock

Calbee, Inc. at a meeting of the Board of Directors held on October 29, 2021, resolved to acquire treasury stock pursuant to the provisions of Article 156 of the Companies Act of Japan, as applied mutatis mutandis under Article 165, Paragraph 3 of the Act.

1. Purpose of Acquisition of Treasury Stock

To enhance distribution of profit and raise capital efficiency

2. Details of Acquisition

| | |
|---|---|
| (1) Class of shares to be acquired | Common shares |
| (2) Total number of shares to be acquired | Up to 5,500,000 shares |
| (3) Total acquisition cost | Up to 12 billion yen |
| (4) Period of acquisition | November 1, 2021 to March 31, 2022 |
| (5) Method of acquisition | Market purchase on the Tokyo Stock Exchange |