Calbee
Harvest the Power of Nature.

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2020

April 1, 2019 to June 30, 2019

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, 2020

Calbee, Inc. **July 30, 2019**

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

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Scheduled date for submission of the first quarter financial report: August 8, 2019
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, 2019 to June 30, 2019) of the fiscal year ending March 31, 2020

(1) Consolidated Operating Results

Millions of yen, rounded down

	Three months ended June 30, 2018		Three months ended June 30, 2019	
		% change		% change
Net sales	61,231	8.3	61,912	1.1
Operating profit	5,774	69.2	6,448	11.7
Ordinary profit	6,232	78.0	6,069	(2.6)
Profit attributable to owners of parent	4,213	84.2	4,245	0.7
Earnings per share (¥)	31.54		31.76	
Earnings per share (diluted) (¥)	31.52		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, 2019: ¥3,314 million (-29.2%)
Three months ended June 30, 2018: ¥4,683 million (99.9%)

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of March 31, 2019	As of June 30, 2019
Total assets	202,750	196,475
Net assets	160,490	157,688
Shareholders' equity/total assets (%)	75.9	76.8

Shareholders' equity: As of June 30, 2019: ¥150,962 million
As of March 31, 2019: ¥153,931 million

2) Dividends

Yen

	FY ended March 31, 2019	FY ending March 31, 2020 (forecast)
Interim period per share	0.00	0.00
Year-end dividend per share	48.00	50.00
Annual dividend per share	48.00	50.00

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

3) Consolidated forecasts for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

Millions of yen

		% change
Net sales	258,000	3.8
Operating profit	27,000	0.1
Ordinary profit	26,500	(3.4)
Profit attributable to owners of parent	17,500	(9.9)
Earnings per share (¥)	130.93	

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, 2019:	As of June 30, 2019:
1. Number of outstanding shares (including treasury shares)	133,921,800 shares	133,929,800 shares
2. Number of treasury shares	267,747 shares	267,797 shares
	Three months to June 30, 2018:	Three months to June 30, 2019:
3. Average number of shares during the period	133,604,440 shares	133,655,098 shares

Note: Regarding Calbee stock held in trust as treasury stock within shareholders' equity, the number of treasury shares includes 266,915 of these shares as of June 30, 2019 and 266,915 of these shares as of March 31, 2019, and the average number of shares excludes 266,915 treasury shares in the three months to June 30, 2019, and 292,066 treasury shares in the three months to June 30, 2018.

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 ruselts (3) Consolidated forecasts for the fiscal year ending March 31, 2020.
2. The earnings per share forecast for the fiscal year ending March 31, 2020 is calculated using 133,662,003 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, 2019. 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.)

Net sales during the first three months (April 1, 2019 to June 30, 2019) of the fiscal year ending March, 31 2020 increased 1.1% year on year to ¥61,912 million, mainly due to the expansion of overseas businesses. In the overseas business, sales increased due to the business acquisition in the UK in October 2018, in addition, sales grew in Greater China where we conducted proactive sales promotional activities for *Frugra*, and in Indonesia where new *Potato Chips* and other products were launched. In the domestic business, the sales of domestic production and sale of snack and other foods business rose year-on-year due to increased sales of *Jagarico* and other products, although sales of *Potato Chips* decreased due to the impact from price hike in this period. However, domestic sales decreased year on year due to the transfer of all shares of consolidated subsidiaries engaged in the promotional tools business.

Operating profit increased 11.7% to ¥6,448 million, and the operating margin was 10.4%, an improvement of 1.0 percentage points. In the domestic business, despite rises in logistics and packaging costs, costs of sales which deteriorated to increased volume campaign of *Potato Chips* in the same period of the previous fiscal year, improved. In the overseas business, sales growth in the UK and Greater China contributed to increased profit. Ordinary profit decreased 2.6% to ¥6,069 million including foreign exchange loss of ¥433 million. Profit attributable to owners of parent increased 0.7% to ¥4,245 million.

Millions of yen, rounded down

	Q1 FY ended March 31, 2019		Q1 FY ending March 31, 2020		Growth in yen	Growth on local currency basis
	Amount	%	Amount	%		
Domestic sales	51,938	84.8	51,480	83.2	−0.9%	−0.9%
Overseas sales	9,292	15.2	10,432	16.8	+12.3%	+14.1%
Total	61,231	100.0	61,912	100.0	+1.1%	+1.4%

Results by business are as follows.

Millions of yen, rounded down

Sales	Q1 FY ended March 31, 2019	Q1 FY ending March 31, 2020	
	Amount	Amount	Growth (%)
1) Production and sale of snack and other foods business	60,290	61,561	+2.1
Domestic production and sale of snack and other foods business	50,997	51,129	+0.3
Domestic snack foods	44,608	44,634	+0.1
Domestic cereals	6,138	6,209	+1.2
Other domestic foods	250	285	+14.0
Overseas production and sale of snack and other foods business	9,292	10,432	+12.3
Overseas snack foods	8,272	8,950	+8.2
Overseas cereals	1,020	1,481	+45.3
2) Other businesses	941	351	−62.7
Total	61,231	61,912	+1.1

1) Production and sale of snack and other foods business

Domestic production and sale of snack and other foods business

・Domestic snack foods:

Sales of domestic snacks was almost flat year on year. Although sales of *Potato Chips* decreased due to the impact of price hike in this period, sales of *Jagarico* in potato-based snacks and *Sapporo Potato* in Flour-based snacks and others increased.

Sales of domestic snack foods by product are as follows.

Millions of yen, rounded down

Sales		Q1 FY ended March 31, 2019	Q1 FY ending March 31, 2020	
		Amount	Amount	Growth (%)
Potato-based snacks		32,627	32,342	－0.9
	Potato Chips	20,635	20,122	－2.5
	Jagarico	9,068	9,327	＋2.9
	Jagabee/ Jaga Pokkuru	2,923	2,892	－1.0
Flour-based snacks		5,103	5,334	＋4.5
	Kappa Ebisen	2,365	2,363	－0.1
	Sapporo Potato, etc.	2,738	2,971	＋8.5
Corn- and bean-based snacks		4,138	4,099	－1.0
Other snacks		2,740	2,857	＋4.3
Domestic snack foods total		44,608	44,634	＋0.1

- Sales of potato-based snacks decreased year on year. Sales of *Potato Chips* decreased mainly due to declined sales of regular items including *Usu-Shio-Aji* causing an effect of price hike in this period. On the other hand, sales of *Jagarico* grew due to the success of proactive advertising activities such as TV commercials.
- Sales of Flour-based snacks increased year on year due to an increase in sales of *Sapporo Potato* resulting from the launch of collaborative products, etc.
- Sales of Corn- and bean-based snacks decreased year on year due to the impact of the termination of the licensing agreement for Garrett Popcorn Shops.
- Sales of other snacks increased year on year due to an increase in sales of the individual portion snacks *miino*.

・Domestic cereals:

Sales of domestic cereals increased year on year. Despite of decreased sales of the *Frugra* regular items and limited time products, sales of *Frugra Less Carbohydrates* increased, as well as the new bland *Granola+* (*Granola Plus*), which specializes in nutritional supplements launched in this period, contributed to sales. As a result, domestic consumption was almost flat year on year. Demand from Chinese retail stores increased.

Overseas production and sale of snack and other foods business

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

Millions of yen, rounded down

Sales	Q1 FY ended March 31, 2019	Q1 FY ending March 31, 2020	
	Amount	Amount	Growth (%)
North America	2,759	2,258	－18.2
Greater China*	2,574	2,789	＋8.3
United Kingdom	401	1,436	＋257.9
Indonesia	897	1,200	＋33.8
Other regions**	2,660	2,748	＋3.3
Overseas production and sale of snack and other foods business total	9,292	10,432	＋12.3

*Greater China: China, Taiwan and Hong Kong

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

- In North America, sales decreased year on year due to sluggish demand for *Harvest Snaps*, despite of an increase in shipments of *Harvest Snaps* made using organic beans to a major customer, which had launched in the second quarter of the previous year.
- In Greater China, although sales of snacks declined due to the liquidation of the consolidated subsidiary in Taiwan and other factors, sales increased year on year due to an increase in sales of cereals *Frugra* through e-commerce.
- Sales in the UK increased significantly year on year supported by business acquisition of Seabrook Crisps Limited (engaged in manufacture and sales of potato chips) in October 2018.
- Sales in Indonesia increased significantly year on year due to increased sales of the existing potato chips *Potabee* and the launch of *Japota,* a new flat-type potato chips.
- In the others regions, sales of *Harvest Snaps*, a bean-based snacks, continued to expand in Australia, resulting in an increase in sales year on year.

2) Other businesses

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

(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, 2019 were ¥196,475 million, a decrease of ¥6,274 million. The primary factors contributing to this outcome were decreases in securities and notes and accounts receivable-trade. The decrease in securities was due to redemption, and the decreases in notes and accounts receivable-trade were due to decreased sales.

Liabilities decreased ¥3,473 million to ¥38,786 million due to decreases in income taxes payable and provision for bonuses.

Net assets decreased ¥2,801 million to ¥157,688 million due to a decrease in retained earnings through dividend payments.

The shareholders' equity ratio increased 0.9 percentage points from the end of the previous fiscal year to 76.8%.

2. Overview of cash flows

Cash and cash equivalents as of June 30, 2019 were ¥34,975 million, ¥450 million lower than at the end of the previous fiscal year.

Cash flows from operating activities

Operating activities during the period resulted in net cash inflow of ¥5,102 million, a decrease in cash inflow of ¥628 million compared to the first three months of the previous fiscal year, primarily due to an increase in inventories.

Cash flows from investing activities

Investing activities during the period resulted in a net cash inflow of ¥666 million, a decrease in cash outflow of ¥4,659 million, primarily due to an increase in inflow from the redemption of securities.

Cash flows from financing activities

Financing activities during the period resulted in a net cash outflow of ¥5,979 million, an increase in cash outflow of ¥589 million, primarily due to an increase in outflow from payment of dividends.

(3) Consolidated forecasts

There are no changes to the consolidated full-year forecasts for the fiscal year ending March 31, 2020 issued on May 14, 2019.

2. Consolidated financial statements and key notes

(1) Consolidated balance sheets

Millions of yen, rounded down

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	12,992	13,293
Notes and accounts receivable - trade	39,736	37,509
Securities	42,760	39,676
Inventories	11,309	11,899
Other	5,067	4,253
Allowance for doubtful accounts	(8)	(1)
Total current assets	111,858	106,632
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	28,883	28,532
Machinery, equipment and vehicles, net	29,811	29,815
Land	11,391	11,361
Construction in progress	1,224	1,562
Other, net	1,240	1,178
Total property, plant and equipment	72,552	72,451
Intangible assets		
Goodwill	5,688	5,135
Other	2,016	1,968
Total intangible assets	7,704	7,104
Investments and other assets		
Investments and other assets, gross	10,693	10,348
Allowance for doubtful accounts	(59)	(60)
Total investments and other assets	10,634	10,287
Total non-current assets	90,891	89,842
Total assets	202,750	196,475

Millions of yen, rounded down

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,987	8,486
Short-term borrowings	1,027	1,051
Income taxes payable	5,478	1,856
Provision for bonuses	4,004	1,728
Provision for bonuses for directors (and other officers)	67	65
Provision for share-based remuneration	35	35
Other	14,442	17,493
Total current liabilities	34,043	30,717
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	286	305
Provision for share-based remuneration for directors (and other officers)	92	113
Retirement benefit liability	6,531	6,314
Asset retirement obligations	522	523
Other	783	813
Total non-current liabilities	8,216	8,069
Total liabilities	42,260	38,786
Net assets		
Shareholders' equity		
Share capital	12,044	12,046
Capital surplus	4,786	4,779
Retained earnings	137,453	135,270
Treasury shares	(981)	(981)
Total shareholders' equity	153,303	151,115
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	467	352
Foreign currency translation adjustment	278	(370)
Remeasurements of defined benefit plans	(119)	(134)
Total accumulated other comprehensive income	627	(152)
Share acquisition rights	3	—
Non-controlling interests	6,555	6,725
Total net assets	160,490	157,688
Total liabilities and net assets	202,750	196,475

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

Millions of yen, rounded down

	April 1, 2018 to June 30, 2018	April 1, 2019 to June 30 2019
Net sales	61,231	61,912
Cost of sales	34,524	34,291
Gross profit	26,707	27,621
Selling, general and administrative expenses	20,933	21,172
Operating profit	5,774	6,448
Non-operating income		
Interest income	18	27
Dividend income	19	20
Share of profit of entities accounted for using equity method	20	8
Foreign exchange gains	387	—
Other	74	97
Total non-operating income	519	154
Non-operating expenses		
Interest expenses	14	31
Share of loss of entities accounted for using equity method	—	0
Foreign exchange losses	—	433
Depreciation	22	30
Other	24	39
Total non-operating expenses	61	534
Ordinary profit	6,232	6,069
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	—	1
Subsidies income	—	153
Gain on liquidation of business	494	—
Other	—	3
Total extraordinary income	494	160
Extraordinary losses		
Loss on sales of non-current assets	3	0
Loss on retirement of non-current assets	24	40
Loss on store closings	—	136
Retirement benefits for directors	350	—
Other	2	1
Total extraordinary losses	379	178
Profit before income taxes	6,346	6,051
Income taxes - current	1,715	1,561
Income taxes - deferred	369	205
Total income taxes	2,084	1,766
Profit	4,262	4,284
Profit attributable to non-controlling interests	48	38
Profit attributable to owners of parent	4,213	4,245

Consolidated statements of comprehensive income

Millions of yen, rounded down

	April 1, 2018 to June 30, 2018	April 1, 2019 to June 30, 2019
Profit	4,262	4,284
Other comprehensive income		
Valuation difference on available-for-sale securities	92	(115)
Foreign currency translation adjustment	251	(838)
Remeasurements of defined benefit plans, net of tax	76	(15)
Total other comprehensive income	420	(969)
Comprehensive income	4,683	3,314
Comprehensive income attributable to		
Owners of parent	4,635	3,465
Non-controlling interests	47	(151)

(3) Consolidated statements of cash flows

Millions of yen, rounded down

	April 1, 2018 to June 30, 2018	April 1, 2019 to June 30, 2019
Cash flows from operating activities		
Profit before income taxes	6,346	6,051
Depreciation	1,878	2,007
Amortization of goodwill	141	234
Increase (decrease) in allowance for doubtful accounts	(17)	(5)
Increase (decrease) in provision for bonuses	(1,963)	(2,274)
Increase (decrease) in provision for bonuses for directors (and other officers)	(36)	(0)
Increase (decrease) in provision for share-based remuneration for directors	—	21
Increase (decrease) in retirement benefit liability	(186)	(255)
Decrease (increase) in retirement benefit asset	5	14
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(154)	18
Interest and dividend income	(37)	(48)
Interest expenses	14	31
Foreign exchange losses (gains)	(384)	338
Subsidies income	—	(153)
Gain on liquidation of business	(494)	—
Share of loss (profit) of entities accounted for using equity method	(20)	(8)
Loss (gain) on sales of investment securities	—	(1)
Loss (gain) on sales of non-current assets	3	(1)
Loss on retirement of non-current assets	24	40
Decrease (increase) in trade receivables	2,179	2,032
Decrease (increase) in inventories	(74)	(693)
Increase (decrease) in trade payables	(55)	(378)
Increase (decrease) in accounts payable - other	(776)	(954)
Other, net	4,200	4,001
Subtotal	10,592	10,016
Interest and dividends received	36	49
Interest paid	(13)	(29)
Income taxes paid	(4,885)	(4,934)
Net cash provided by (used in) operating activities	5,730	5,102

Millions of yen, rounded down

	April 1, 2018 to June 30, 2018	April 1, 2019 to June 30, 2019
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,305)	(1,691)
Proceeds from sales of property, plant and equipment	2	2
Purchase of intangible assets	(144)	(172)
Proceeds from sales of intangible assets	0	—
Purchase of securities	(4,847)	(15,933)
Proceeds from redemption of securities	2,000	17,563
Purchase of investment securities	(4)	(4)
Proceeds from sales of investment securities	—	5
Loan advances	(120)	(700)
Collection of loans receivable	1,757	800
Proceeds from withdrawal of time deposits	271	632
Payments of guarantee deposits	(43)	(9)
Proceeds from refund of guarantee deposits	32	22
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	169	—
Proceeds from subsidy income	—	153
Other, net	239	(1)
Net cash provided by (used in) investing activities	(3,992)	666
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	103	38
Purchase of treasury shares	—	(0)
Proceeds from exercise of employee share options	16	3
Proceeds from share issuance to non-controlling shareholders	—	323
Dividends paid	(5,473)	(6,306)
Dividends paid to non-controlling interests	(10)	(11)
Repayments of lease obligations	(25)	(26)
Net cash provided by (used in) financing activities	(5,389)	(5,979)
Effect of exchange rate change on cash and cash equivalents	37	(239)
Net increase (decrease) in cash and cash equivalents	(3,613)	(450)
Cash and cash equivalents at beginning of period	42,195	35,425
Cash and cash equivalents at end of period	38,581	34,975

(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.