

Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2019

April 1, 2018 to December 31, 2018

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)

Third Quarter Results for the Fiscal Year Ending March 31, 2019

Calbee, Inc.

February 5, 2019

URL: <https://www.calbee.com>

Stock exchange listings: Tokyo 1st section, code number 2229
Contact: Koichi Kikuchi
Managing Executive Officer / Chief Financial Officer
Telephone: +81-3-5220-6222

Representative: Shuji Ito, President & CEO, Representative Director

Scheduled date for submission of the third quarter financial report: February 8, 2019

Scheduled date for distribution of dividends: --

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

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

1) Consolidated results for the first nine months (April 1, 2018 to December 31, 2018) of the fiscal year ending March 31, 2018

(1) Consolidated Operating Results

	Nine months ended December 31, 2018		Nine months ended December 31, 2017	
		% change		% change
Net sales	187,022	0.2	186,691	-1.2
Operating profit.....	20,441	6.5	19,190	-13.7
Ordinary profit.....	20,840	7.3	19,426	-13.0
Profit attributable to owners of parent.....	15,019	14.9	13,067	-9.3
Earnings per share (¥).....	112.40		97.80	
Earnings per share (diluted) (¥).....	112.35		97.68	

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

2. Comprehensive income: Nine months ended December 31, 2018: ¥15,459 million (9.0%)

Nine months ended December 31, 2017: ¥13,893million (-8.9%)

(2) Consolidated Financial Position

	As of December 31, 2018	As of March 31, 2017
Total assets	197,360	192,034
Net assets	155,569	146,667
Shareholders' equity/total assets (%).....	75.5	72.6

Shareholders' equity: As of December 31, 2018: ¥148,980 million

As of December 31, 2017: ¥139,375 million

2) Dividends

	FY ended March 31, 2018	FY ending March 31, 2019 (forecast)
Interim period per share	0.00	0.00
Year-end dividend per share	42.00	48.00
Annual dividend per share.....	42.00	48.00

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

3) Consolidated forecasts for the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

	Fiscal year ending March 31, 2019	
		% change
Net sales	249,000	-1.0
Operating profit.....	26,900	0.3
Ordinary profit.....	27,000	3.1
Profit attributable to owners of parent.....	19,000	9.6
Earnings per share (¥).....	142.16	

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
One company removed from scope of consolidation: Calbee-URC, Inc.
- (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 December 31, 2018:	As of March 31, 2018:
1. Number of outstanding shares (including treasury shares)	133,919,800 shares	133,875,800 shares
2. Number of treasury shares	267,747 shares	292,997 shares
	Nine months to December 31, 2018:	Nine months to December 31, 2017:
3. Average number of shares during the period	133,632,228 shares	133,611,015 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 December 31, 2018 and 292,165 of these shares as of March 31, 2018, and the average number of shares excludes 277,940 treasury shares in the nine months to December 31, 2018, and 228,396 treasury shares in the nine months to December 31, 2017.

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. Summary of Business Performance (3) Consolidated forecasts.
2. The earnings per share forecast for the fiscal year ending March 31, 2019 is calculated using 133,652,053 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 February 5, 2019. 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.....	9
2. Consolidated financial statements and key notes	10
(1) Consolidated balance sheets.....	10
(2) Consolidated statements of income and comprehensive income.....	12
(3) Consolidated statements of cash flows.....	14
(4) Notes to consolidated financial statements.....	16
Notes related to going concern assumption.....	16
Notes on occurrence of significant changes to shareholders' equity.....	16
Business combinations and other related matters	16
Additional information	16

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 nine-month period under review (April 1, 2018 to December 31, 2018) increased 0.2% to ¥187,022 million driven by increased sales of snack foods in the domestic business and of cereal foods and snack foods in the overseas business. For domestic snack foods, sales increased, due in part to higher sales of *Potato Chips* following sales adjustments made in the first quarter of the previous fiscal year caused by a potato shortage stemming from typhoon damage. For overseas cereals, sales increased due to the expansion of *Frugra* sales channels to China. Overseas snack foods sales increased, primarily due to sales growth in Indonesia and Australia, as well as the business acquisition of UK confectionery company Seabrook Crisps Limited in October.

Operating profit increased 6.5% to ¥20,441 million and the operating profit ratio was 10.9%, a year on year increase of 0.6 percentage points. Factors contributing to higher profit in the domestic business were increased sales of *Potato Chips* and improved costs on recovery of factory utilization under the condition that the raw material and distribution costs are seen rising, while factors that contributed in the overseas business were efforts to reduce costs, including reducing losses from disposal and improved productivity in the North America and increased sales of *Frugra* in China. Ordinary profit increased 7.3% to ¥20,840 million, including foreign exchange gains of ¥292 million. Profit attributable to owners of parent increased 14.9% to ¥15,019 million.

Millions of yen, rounded down

	Q3 FY ending March 31, 2019		Q3 FY ended March 31, 2018		Growth in yen (%)	Growth on local currency basis (%)
	Amount	%	Amount	%		
Domestic sales	157,290	84.1	161,492	86.5	-2.6	-2.6
Overseas sales	29,731	15.9	25,198	13.5	+18.0	+19.4
Total	187,022	100.0	186,691	100.0	+0.2	+0.4

Results by business are as follows.

Millions of yen, rounded down

Sales	Q3 FY ending March 31, 2019		Q3 FY ended March 31, 2018
	Amount	Growth (%)	Amount
1) Production and sale of snack and other foods business	184,810	+0.6	183,709
Domestic production and sale of snack and other foods business	155,079	-2.2	158,510
Domestic snack foods	135,757	+4.9	129,374
Domestic cereals	18,322	-0.5	18,409
Other domestic foods	998	-90.7	10,726
Overseas production and sale of snack and other foods business	29,731	+18.0	25,198
Overseas snack foods	25,734	+9.3	23,541
Overseas cereals	3,997	+141.3	1,656
2) Other businesses	2,211	-25.8	2,982
Total	187,022	+0.2	186,691

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 snack foods increased year on year. Sales growth of *Potato Chips* on strong demand and increased sales of new products utilizing new ingredients contributed to this outcome; however, sales for flour-based snacks and corn- and bean-based snacks decreased due to a weak recovery from a negative effect by increased demand for *Potato Chips*.

Sales of domestic snack foods by product are as follows.

Millions of yen, rounded down

Sales	Q3 FY ending March 31, 2019		Q3 FY ended March 31, 2018
	Amount	Growth (%)	Amount
Potato-based snacks	99,790	+8.6	91,914
<i>Potato Chips</i>	63,063	+14.9	54,880
<i>Jagarico, etc.</i>	28,044	+5.7	26,536
<i>Jagabee/ Jaga Pokkuru</i>	8,681	-17.3	10,498
Flour-based snacks	15,632	-8.3	17,052
<i>Kappa Ebisen</i>	7,295	-9.5	8,060
<i>Sapporo Potato, etc.</i>	8,337	-7.3	8,991
Corn- and bean-based snacks	12,155	-6.2	12,954
Other snacks	8,178	+9.7	7,452
Domestic snack foods total	135,757	+4.9	129,374

- Sales of potato-based snacks increased year on year. Sales of *Potato Chips* increased on the effect of having made adjustments to sales items in the first quarter of the previous fiscal year due to a potato shortage, and the implementation of an increased volume promotional campaign in the first quarter, which succeeded in expanding sales of products including regular items such as *Usu-Shio-Aji* and strong sales of *Kata-Age Potato*. Sales also increased for *Jagarico*, due to sales of *Tomorico* and *Edamarico*, individual portion snacks, which were launched nationwide with a TV commercials. However, *Jagabee/Jaga Pokkuru* sales decreased, despite firm sales of *Jaga Pokkuru*, due to weak sales of *Jagabee* regular products.
- Sales of flour-based snacks decreased year on year, unreached the strong demand last year, despite a limited-time promotional campaign for *Kappa Ebisen*.
- Sales of corn- and bean-based snacks decreased year on year as products such as *Cheetos* made a weak recovery from a negative effects by increased demand for *Potato Chips*, despite contributions to sales from Japan Frito-Lay brand *Dragon Potato*, launched during the current period.
- Sales of other snacks increased year on year due to the contribution to sales from new individual portion snacks *miino* and *Kiwajaga*, .

• Domestic cereals:

Sales of domestic cereals were flat year on year. Sales are recovering due to increased demand from Chinese retail stores and the enhancement of the *Frugra* product line-up, including S size and individual portion size—which are the purpose of generating domestic new customers—the renewal of *Frugra Less Carbohydrates*, and continuous investment in limited time products.

• Other domestic foods:

Sales of other domestic foods decreased significantly year on year due to the transfer of the bakery business in April.

Overseas production and sale of snack and other foods business

• Overseas snack foods:

Sales of overseas snack foods increased year on year. In Europe, sales increased significantly on the business acquisition of UK confectionery company Seabrook Crisps Limited in October. In Australia, sales of bean-based snack *Harvest Snaps* have continued to grow firmly since market launch. In Indonesia, sales increased driven by the contribution of *Krisbee Krunchy*, a corn-based snack launched in March, and higher sales of *Potabee* potato chips due to aggressive sales promotional activities. Sales in North America increased due to the launch and growth of *Harvest Snaps* made using organic beans, as well as the strengthening of sales promotional activities for existing product *Harvest Snaps*. However, in South Korea revenue declined year on year, due to continued weak sales.

• Overseas cereals:

Sales of overseas cereals increased significantly year on year. Sales of *Frugra* to China increased due to via cross-border e-commerce following its launch in the previous fiscal year, as well as Chinese domestic e-commerce launched in this first quarter with the expansion of *Frugra* production facility in Japan.

Regional breakdown of sales performance by overseas businesses engaged in production and sale of snack and other foods.

Millions of yen, rounded down

Sales		Q3 FY ending March 31, 2019		Q3 FY ended March 31, 2018
		Amount	Growth (%)	Amount
North America		7,323	+1.2	7,239
Asia	Greater China*	8,755	+38.7	6,313
	South Korea	3,398	-16.9	4,089
	Other Asian regions and Australia**	7,741	+19.1	6,501
Europe		2,513	+138.4	1,054
Overseas production and sale of snack and other foods business total		29,731	+18.0	25,198

*Greater China: China, Taiwan and Hong Kong.

**Other Asian regions and Australia: Thailand, Philippines, Singapore, Indonesia and Australia.

2) Other businesses

Other businesses include logistics and promotional tool sales.

Sales of other businesses decreased year on year due to consolidated subsidiary CalNeCo, Inc., which sale and production of sales promotional tools, having been removed from the scope of consolidation on the transfer of all its shares in September.

(2) Analysis of financial position

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

The partial amendment to the “Accounting Standard on Tax Effect Accounting” (Accounting Standards Board of Japan Statement No. 28, February 16, 2018) has been applied from the first day of the first quarter of the consolidated accounting period, and figures for the previous year have been restated accordingly to enable year-on-year comparison.

1. Overview of assets, liabilities and net assets

Total assets as of December 31, 2018 were ¥197,360 million, an increase of ¥5,326 million. The primary factor contributing to this outcome was the acquisition of securities due for investment purposes.

Liabilities decreased ¥3,575 million to ¥41,791 million, primarily due to a decrease in income taxes payable. Net assets increased ¥8,901 million to ¥155,569 million due to factors including an increase in retained earnings.

As a result, the shareholders' equity ratio increased 2.9 percentage points from the end of the previous fiscal year to 75.5%.

2. Overview of cash flows

Cash and cash equivalents as of December 31, 2018 were ¥31,157 million, ¥11,037 million lower than at the end of the previous fiscal year.

Cash flows from operating activities

Operating activities during the period under review resulted in a net cash inflow of ¥11,380 million, an increase in cash inflow of ¥18,147 million compared to the first nine months of the previous fiscal year, due to factors including a decrease of increased amount in notes and accounts receivable - trade.

Cash flows from investing activities

Investing activities during the period under review resulted in a net cash outflow of ¥19,170 million, an increase in cash outflow of ¥8,664 million, due to a decrease in inflow from proceeds from redemption of securities and an increase in outflow from the purchase of shares of subsidiaries resulting in change in scope of consolidation.

Cash flows from financing activities

Financing activities during the period under review resulted in a net cash outflow of ¥3,393 million, an increase in cash outflow of ¥1,667 million, primarily due to a decrease of net increased amount in short-term loans payable.

(3) Consolidated forecasts for the fiscal year ending March 31, 2019

Taking into account our business performance during the nine months under review and latest performance, the consolidated forecasts for the fiscal year ending March 31, 2019 have been revised as follows.

The full year forecasts for net sales are expected to underperform the previously announced forecast. This is due to delays in sales expansion in North America and Indonesia, where had been expected to increase significantly in overseas business, and to sluggish growth in sales of the cereal foods *Frugra* in domestic business.

Operating profit and ordinary profit are expected to underperform the previous forecast due to the aforementioned effect of sales not meeting targets, as well as increased distribution costs and a sharp increase in the price of raw materials such as edible oils and packaging. Profit attributable to owners of parent has not changed from the previous forecast due to the recordings of extraordinary income from the transfer of all the shares of a consolidated subsidiary in the second quarter.

The exchange rate used as a basis for this announcement is US\$1 = ¥110.82.

Millions of yen

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Revised forecast (A)	249,500	26,900	27,000	19,000
Previous forecast (B)	255,000	29,500	29,000	19,000
Change (A - B)	-6,000	-2,600	-2,000	—
Change (%)	-2.4	-8.8	-6.9	—

2 . Consolidated financial statements and key notes

(1) Consolidated balance sheets

Millions of yen, rounded down

	As of December 31, 2018	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	10,518	23,559
Notes and accounts receivable - trade	42,582	41,749
Securities	33,728	22,998
Inventories	12,441	10,748
Other	7,109	5,323
Allowance for doubtful accounts	(7)	(23)
Total current assets	106,372	104,356
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	28,489	27,423
Machinery, equipment and vehicles, net	29,699	28,171
Land	11,376	11,556
Construction in progress	1,767	4,523
Other, net	1,280	1,421
Total property, plant and equipment	72,613	73,096
Intangible assets		
Goodwill	5,749	922
Other	2,097	2,468
Total intangible assets	7,846	3,391
Investments and other assets		
Investments and other assets, gross	10,585	11,316
Allowance for doubtful accounts	(58)	(126)
Total investments and other assets	10,527	11,190
Total non-current assets	90,988	87,678
Total assets	197,360	192,034

	As of December 31, 2018	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,072	9,728
Short-term loans payable	3,823	1,129
Income taxes payable	2,654	5,252
Provision for bonuses	2,708	3,863
Provision for directors' bonuses	57	117
Provision for stocks payment	—	53
Other	13,117	15,260
Total current liabilities	32,433	35,405
Non-current liabilities		
Provisions for directors' retirement benefits	287	491
Provision for management board incentive plan trust	52	90
Net defined benefit liability	7,376	7,674
Asset retirement obligations	521	659
Other	1,120	1,045
Total non-current liabilities	9,357	9,961
Total liabilities	41,791	45,366
Net assets		
Shareholders' equity		
Capital stock	12,043	12,033
Capital surplus	4,786	4,775
Retained earnings	133,044	123,647
Treasury shares	(981)	(1,073)
Total shareholders' equity	148,893	139,383
Accumulated other comprehensive income		
Valuation difference on available-for-sales securities	581	680
Foreign currency translation adjustment	88	57
Remeasurements of defined benefit plans	(583)	(745)
Total accumulated other comprehensive income	87	(7)
Share acquisition rights	3	7
Non-controlling interests	6,585	7,284
Total net assets	155,569	146,667
Total liabilities and net assets	197,360	192,034

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

Millions of yen, rounded down

	April 1, 2018 to December 31, 2018	April 1, 2017 to December 31, 2017
Net sales	187,022	186,691
Cost of sales	103,449	106,614
Gross profit	83,572	80,076
Selling, general and administrative expenses	63,130	60,886
Operating profit	20,441	19,190
Non-operating income		
Interest income	108	62
Dividend income	42	40
Share of profit of entities accounted for using equity method	3	—
Foreign exchange gains	292	183
Other	249	225
Total non-operating income	697	512
Non-operating expenses		
Interest expenses	50	58
Depreciation	71	27
Loss on valuation of inventories	64	—
Other	111	190
Total non-operating expenses	298	276
Ordinary profit	20,840	19,426
Extraordinary income		
Gain on sales of non-current assets	25	6
Gain on sales of investment securities	33	—
Gain on sales of shares of subsidiaries and associates	2,378	—
Gain on liquidation of business	468	—
Total extraordinary income	2,905	6
Extraordinary losses		
Loss on sales of non-current assets	10	0
Loss on retirement of non-current assets	131	117
Impairment loss	813	—
Directors' retirement benefits	350	—
Loss on sales of shares of subsidiaries and associates	24	—
Other	222	13
Total extraordinary losses	1,554	131
Profit before income taxes	22,191	19,301
Income taxes - current	6,800	5,671
Income taxes - deferred	386	648
Total income taxes	7,187	6,319
Profit	15,004	12,981
Loss attributable to non-controlling interests	(14)	(86)
Profit attributable to owners of parent	15,019	13,067

Consolidated statements of comprehensive income

Millions of yen, rounded down

	April 1, 2018 to December 31, 2018	April 1, 2017 to December 31, 2017
Profit	15,004	12,981
Other comprehensive income		
Valuation difference on available-for-sale securities	(99)	151
Foreign currency translation adjustment	77	541
Remeasurements of defined benefit plans, net of tax	162	219
Total other comprehensive income	141	912
Comprehensive income	15,146	13,893
Comprehensive income attributable to:		
Owners of parent	15,114	13,766
Non-controlling interests	31	126

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

	April 1, 2018 to December 31, 2018	April 1, 2017 to December 31, 2017
Cash flows from operating activities		
Profit before income taxes	22,191	19,301
Depreciation	5,936	5,921
Impairment loss	813	—
Amortization of goodwill	520	450
Increase (decrease) in allowance for doubtful accounts	(16)	(26)
Increase (decrease) in provision for bonuses	(1,008)	(1,010)
Increase (decrease) in provision for directors' bonuses	(41)	(46)
Increase (decrease) in provision for stocks payment	(2)	(5)
Increase (decrease) in net defined benefit liability	106	271
Decrease (increase) in net defined benefit asset	23	29
Increase (decrease) in provision for directors' retirement benefits	(145)	(41)
Interest and dividend income	(150)	(103)
Interest expenses	50	58
Foreign exchange losses (gains)	(10)	(329)
Gain on liquidation of business	(468)	—
Share of loss (profit) of entities accounted for using equity method	(3)	—
Loss (gain) on sales of investment securities	(2,387)	—
Loss (gain) on sales of non-current assets	(14)	(5)
Loss on retirement of non-current assets	131	117
Decrease (increase) in notes and accounts receivable - trade	(1,978)	(15,233)
Decrease (increase) in inventories	(1,668)	(2,540)
Increase (decrease) in notes and accounts payable - trade	593	193
Increase (decrease) in accounts payable - other	(542)	(986)
Other, net	(1,364)	(3,464)
Subtotal	20,563	2,549
Interest and dividend income received	125	108
Interest expenses paid	(44)	(59)
Income taxes paid	(9,264)	(9,364)
Net cash provided by (used in) operating activities	11,380	(6,766)

	April 1, 2018 to December 31, 2018	April 1, 2017 to December 31, 2017
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,404)	(9,234)
Proceeds from sales of property, plant and equipment	225	39
Purchase of intangible assets	(463)	(318)
Proceeds from sales of intangible assets	0	—
Purchase of securities	(23,825)	(23,998)
Proceeds from redemption of securities	14,827	23,000
Purchase of investment securities	(42)	(13)
Proceeds from sales of investment securities	47	—
Payments of loans receivable	(980)	(120)
Collection of loans receivable	2,378	120
Payments into time deposits	—	(1,599)
Proceeds from withdrawal of time deposits	264	1,599
Payments for guarantee deposits	(69)	(66)
Proceeds from collection of guarantee deposits	124	85
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(7,351)	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(460)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	3,169	—
Other, net	389	0
Net cash provided by (used in) investing activities	(19,170)	(10,505)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,296	4,083
Purchase of treasury shares	—	(599)
Proceeds from exercise of share options	17	17
Proceeds from share issuance to non-controlling interests	—	502
Cash dividends paid	(5,618)	(5,617)
Dividends paid to non-controlling interests	(10)	(16)
Repayments of lease obligations	(79)	(95)
Net cash provided by (used in) financing activities	(3,393)	(1,726)
Effect of exchange rate change on cash and cash equivalents	145	271
Net increase (decrease) in cash and cash equivalents	(11,037)	(18,726)
Cash and cash equivalents at beginning of period	42,195	44,627
Cash and cash equivalents at end of period	31,157	25,900

(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 consolidated subsidiary Calbee (UK) Ltd. acquired all shares of Pacific Shelf 1809 Limited from UK private equity fund Lloyds Development Capital (Holdings) Limited and individual shareholders for the purpose of acquiring the business of UK confectionery company Seabrook Crisps Limited. A stock purchase agreement was concluded and the acquisition of 100% of the shares completed on October 2, 2018.

(1) Overview of the transaction

1. Name and business description of the acquired company

Name of acquired company: Pacific Shelf 1809 Limited

Description of business: Holding company

2. Reason for business combination

Seabrook Crisps Limited, a subsidiary of Pacific Shelf 1809 Limited, is a UK savory snack manufacturer with a long history (founded in 1945) that owns the Seabrook brand. Calbee Group aims to bolster the Calbee brand and expand its business in Europe through the acquisition of this brand in the major potato chips category in the UK, the largest market for snacks in Europe.

3. Date of business combination

October 2, 2018 (Date of acquisition of stock)

October 1, 2018 (Deemed acquisition date)

4. Legal form of business combination

Acquisition of stock

5. Name of company after business combination

No change

6. Ratio of voting rights

100%

7. Major reasons for acquisition

Acquisition paid in cash by Calbee consolidated subsidiary Calbee (UK) Ltd.

(2) Period for inclusion of business results of acquired company in quarterly consolidated financial statements

October 1, 2018 to December 31, 2018

(3) Purchase price and its breakdown

Purchase price of equity interest paid by cash: ¥1,361 million

(4) Details and amount of main purchase related costs

Advisory fees, etc.: ¥140 million

(5) Goodwill arising from the acquisition, reason for its recognition, and amortization method and period

1. Goodwill arising from the acquisition

¥5,843 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.

(Additional information)

Third quarter consolidated cumulative accounting period (April 1, 2018 – December 31, 2018)
The partial amendment to the "Accounting Standard on Tax Effect Accounting" (Accounting Standards Board of Japan Statement No. 28, February 16, 2018) has been applied from the first day of the first quarter of the consolidated accounting period, and deferred tax assets are presented in the other assets category and deferred tax liabilities in the fixed liabilities category.