

**Frugra<sup>®</sup>, from Kyoto to the world**

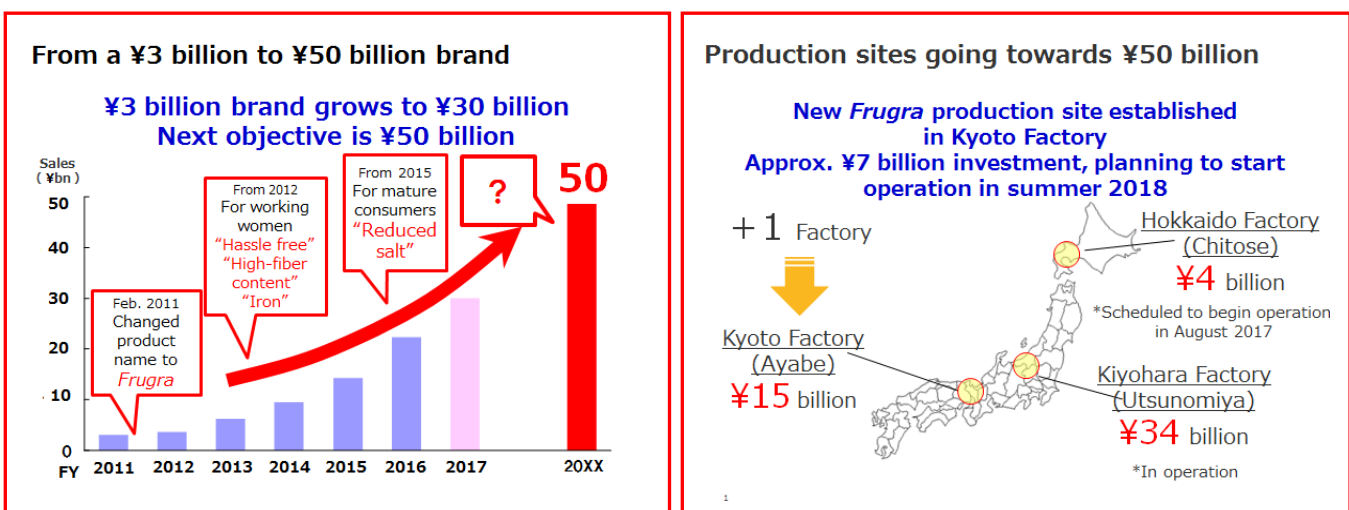
**Construction of new production facility at Kyoto factory expected to begin operation in summer 2018**

**Tokyo, May 10, 2017**—Calbee, Inc. (hereafter “Calbee”) today announced the construction of a new production facility at its Kyoto Factory, expected to begin operation in summer 2018, in response to growing demand for *Frugra* in Japan and overseas. Around ¥7 billion will be invested in the construction of the facility and establishment of new production lines, which will lift total annual production capacity of *Frugra* to around ¥53 billion in product sales.

Due to growing consumer interest in food that takes less time to prepare breakfast, along with the health trend for reduced salt, there is increasing demand both in Japan and overseas for granola<sup>1</sup>, a third type of breakfast following the traditional rice or bread. To provide a stable supply to meet this demand, Calbee will supplement production at its existing Kiyohara Factory (Utsunomiya City) with a new production facility in Hokkaido (Chitose City), scheduled to begin operation in August 2017, and with the addition of two production lines dedicated to *Frugra* production at the Kyoto Factory.



Calbee regards the breakfast business as the second pillar of its business after the snack and confectionary business. Going forward, Calbee will expand its product lineup to acquire new customers and ensure repeat customers, and strengthen the *Frugra* brand. The Kyoto Factory’s new production facility will increase overall production capacity while also enabling Calbee to consider developing new products in addition to the strong-selling 800g *Frugra*. Starting with the Hokkaido Factory and now with production at the Kyoto Factory, Calbee’s objective is to develop *Frugra* globally.



## Facility investment details

Fiscal year (April-March)	Date of expansion (number of lines added)	Production capacity	Total number of production lines
2010			2
2011			2
2012			2
2013	Feb 2014 Added 1 line	Up 1.5x YoY	3
2014			3
2015	Jun 2015 Added 1 line	Up 1.5x YoY	4
2016	Apr 2016 Added 2 lines	Up 1.75x YoY	6
2017	Aug 2017 Moved 1 line from Kiyohara Factory	Up 1.1x YoY	6
2018	Summer 2018 Added 2 lines	Up 1.4x YoY	8

## Outline of new production building for *Frugra* at Kyoto Factory

Factory location	Toyosakacho 12, Ayabe, Kyoto Prefecture (within Kyoto Factory premises)
New structure area	9,309 m <sup>2</sup> enclosed (steel structure, 3 stories)
Construction start	September 2017 (planned)
Construction completion	May 2018 (planned)
Start of operation	Summer 2018 (planned)
Number of production lines	2
Total annual production capacity	¥15 billion (approx.). ¥53 billion (approx.) together with the two existing factories (Kiyohara Factory and Hokkaido Factory)
Investment amount	¥7 billion (approx.)
Main product produced	<i>Frugra</i> Type: Focus on production of the 800g <i>Frugra</i> core product (planned)

## Kyoto Factory Overview

Factory location	Toyosakacho 12, Ayabe, Kyoto Prefecture
Total site area	76,698 m <sup>2</sup>
Start of operation	June 1999
Number of employees	90 (approx.)
Main product produced	<i>Jagarico</i>

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