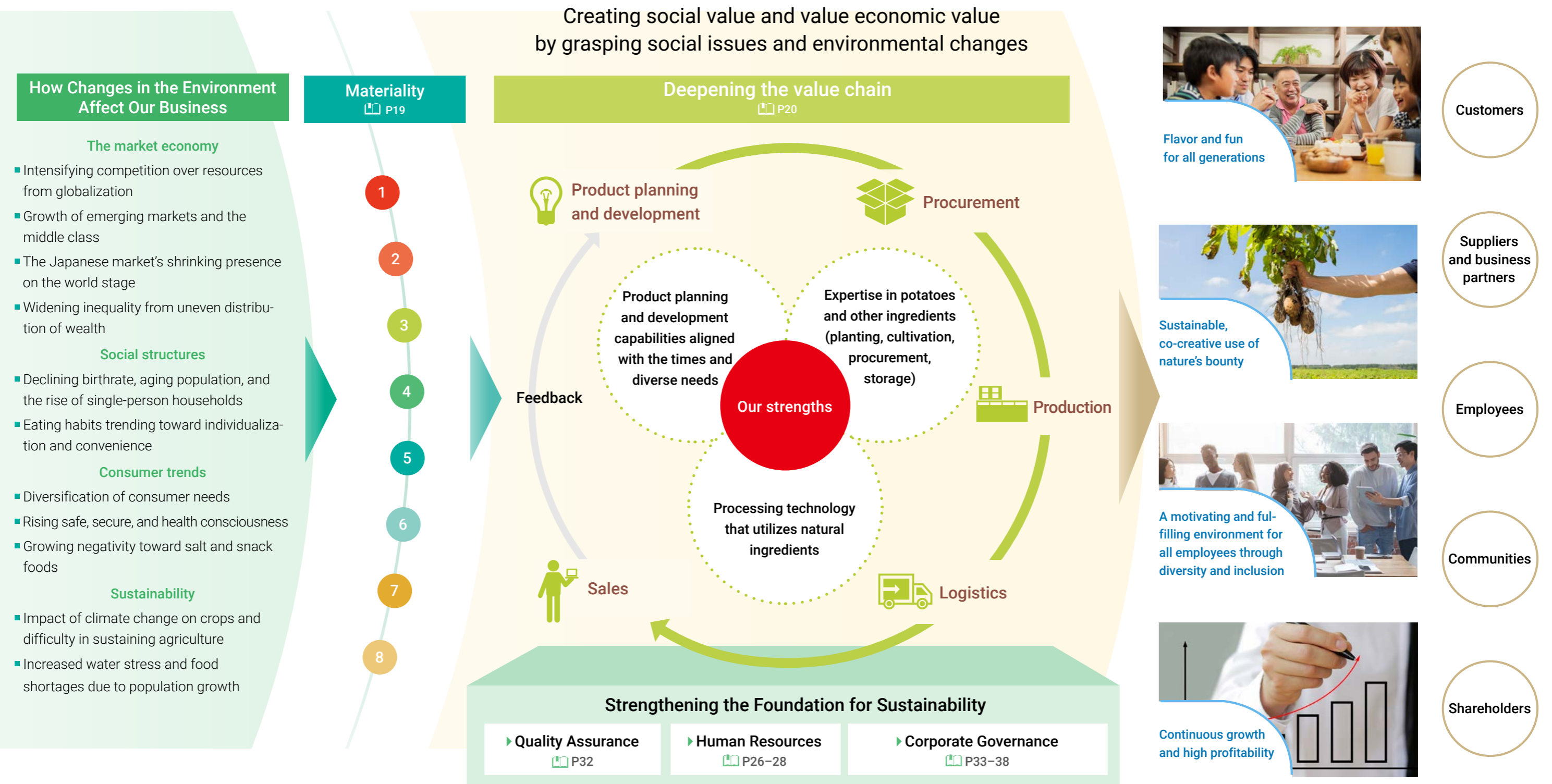


Value Creation Process

The Calbee Group provides tasty, fun, and healthy products that utilize nature's blessings through our unique value chain including the development and cultivation of natural ingredients that produce high-quality products. We believe that the Calbee Group's value creation process lies in our grasping social issues and the environmental changes to further deepen our value chain and create both social value and economic value.



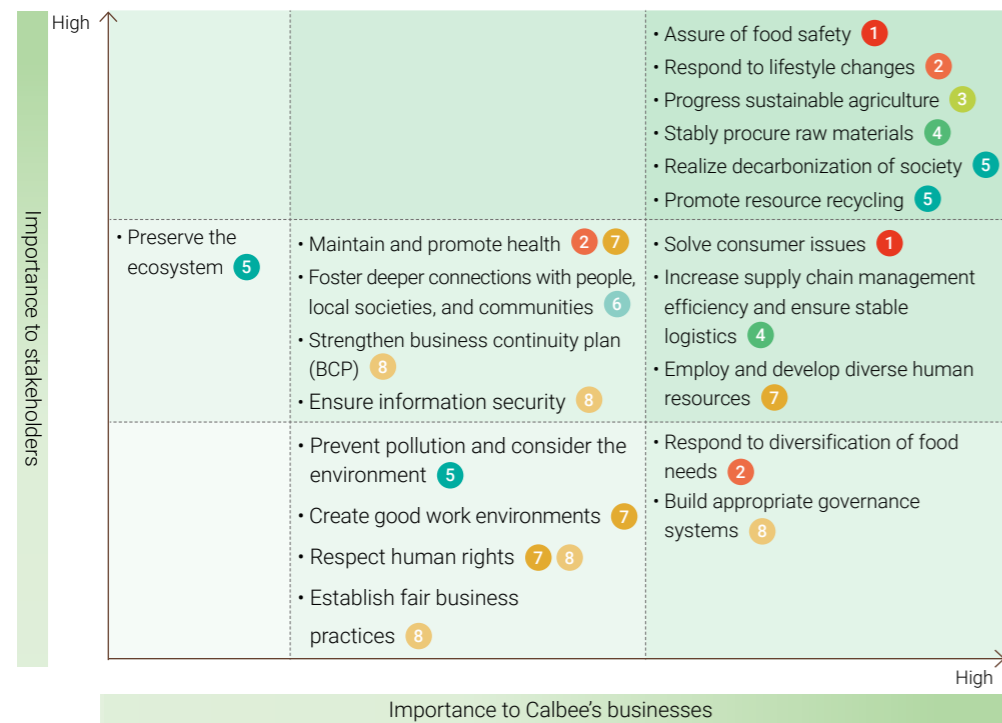
Materiality

Environmental problems, labor shortages, and human rights issues—these are some of the social issues surrounding the Company. Of these issues, the Calbee Group has identified priority issues key to the succession to its business activities as its materiality and has set a series of priority themes. Promoting efforts related to these themes will allow us to avoid management risks and take advantage of opportunities to spark innovation.

▶ For more details on Calbee’s process for formulating its materiality, please refer to our corporate webpage.

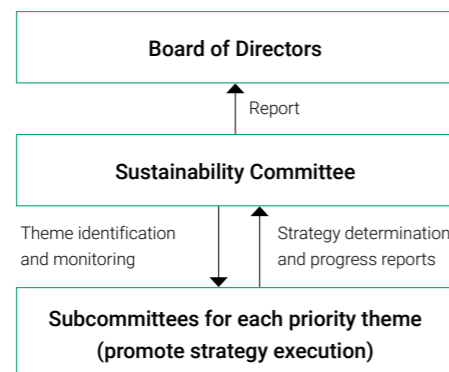
🌐 <https://www.calbee.co.jp/sustainability/en/materiality.php>

Materiality Map



Sustainability Management Promotion Framework

We have established a Sustainability Committee advised by outside experts. The committee determines the Calbee Group’s materiality, discusses and reviews the road map for the priority themes promoted by the subcommittees, and reviews the status of progress on them. The results of these activities are regularly reported to the Board of Directors.



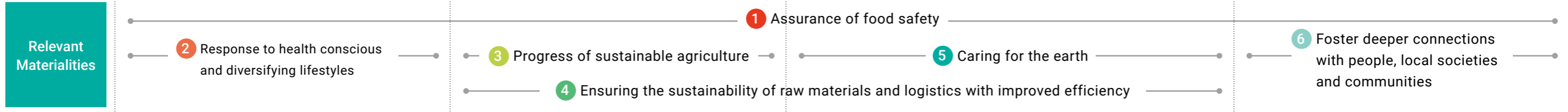
Priority Themes and Major Measures

Category	Materiality	Priority themes and major measures	Targets (KPIs)	Results for the fiscal year ended March 31, 2021	Correspondence with the SDGs
Contributions through products	1 Assurance of food safety ▶ Relevant information on page P32	Prevention of safety and quality incidents Initiatives for monitoring security Product improvements reflecting customer feedback	—		3, 12
	2 Response to health-conscious and diversifying lifestyles ▶ Relevant information on page P21	Provision of health-conscious products ■ Gradually reduce amount of salt in products ■ Expand sales ratio of protein-rich products	FY2024/3 ■ Salt equivalent in products*1 20% (Compared with FY2019/3) ■ Sales ratio of protein-rich products*2 10%	▶ 5.4% reduction ▶ 4.8%	2, 3
Contributions through the supply chain	3 Progress of sustainable agriculture ▶ Relevant information on page P21	Sustainable, environmentally conscious procurement: Stable procurement of potatoes ■ Promote development of potato varieties and scientific cultivation ■ Reduce agricultural labor ■ Disperse production areas and diversify suppliers	FY2024/3 ■ Domestic procurement volume of potatoes 400,000 tons (up 20% compared with FY2019/3)	▶ 342,000 tons	2, 8
	4 Ensuring the sustainability of raw materials and logistics with improved efficiency ▶ Relevant information on page P21–22	Sustainable, environmentally conscious procurement: use of certified palm oil ■ Bidding for and purchasing credits through Book & Claim ■ Promote initiatives to encourage use of Mass Balance Certification Mark	CY2030 ■ 100% use of certified palm oil	▶ May 2020 Purchased book and claim credits ▶ July 2021 Began purchase of mass balance certified palm oil	9, 12
Contribution to the global environment and local communities	5 Caring for the earth ▶ Relevant information on page P29–30	Reduction of greenhouse gas emissions ■ Reduce Scope 1 and Scope 2 emissions Switch electricity suppliers, energy-saving activities, on-site generation at plants, etc. ■ Reduce Scope 3 emissions Change carton sizes, reduce delivery frequency, improve loading efficiency	CY2030 ■ Total greenhouse gas emissions 30% reduction (compared with FY2019/3)	▶ 0.6% increase Scope 1: 2.3% reduction Scope 2: 17.3% reduction Scope 3: 4.7% increase	7, 12
		Protection of resources and realization of a recycling society ■ Reduce product food losses ■ Reduce water consumption ■ Promote “3Rs”	FY2024/3 ■ Product food loss 20% reduction (compared with FY2019/3) CY2030 ■ Total water consumption 10% reduction (compared with FY2019/3) ■ Total waste generated 10% reduction (compared with FY2019/3)	▶ 74% increase ▶ 6.5% increase ▶ 4.3% reduction	13, 14, 15
		Replacement and reduction of plastic package ■ Reduce petroleum-based plastic packaging ■ Switch to alternative materials and promote recycling	CY2030 ■ Environmentally considerate material use 50% CY2050 ■ Environmentally considerate material use 100%	▶ Capital participation in R Plus Japan, Ltd.	
Establishment of management base	6 Foster deeper connections with people, local societies, and communities ▶ Relevant information on page P31	Invigoration of food communications ■ Expand Calbee Snack School (food education) ■ Invigorate and promote factory tours Contributions to local societies ■ Expand activities in the environmental domain ■ Strengthen activities in the health domain	FY2024/3 ■ Food communications Number of participants*3 400,000 (5 years cumulative)	▶ Number of participants (since 2020) 107,714	8, 12
	7 Promote active roles for all employees based on diversity ▶ Relevant information on page P26–28	Promotion of diversity and inclusion Strengthening of human resource development Workstyle transformation	FY2024/3 ■ Ratio of female managers Over 30% ■ Ratio of male employees taking childcare leave 100% ■ Rate of employment of people with disabilities 2.5%	▶ 21.8% (April 2021) ▶ 26.5% ▶ 2.58%	3, 5, 8, 9, 10
Establishment of management base	8 Enhance corporate governance ▶ Relevant information on page P33–38	Establishment of corporate governance organizations and frameworks Bolster compliance and risk management Respect for human rights of stakeholders	—		8, 9, 10

(Notes) Product food loss reduction targets and results are for domestic Calbee Group companies excluding Potato Kaitsuka Ltd., Targets and results for reduction of greenhouses gases are for factories operated by Calbee, Inc., and the Obihiro Factory of Calbee Potato, Inc. All other indices are for Calbee Inc.

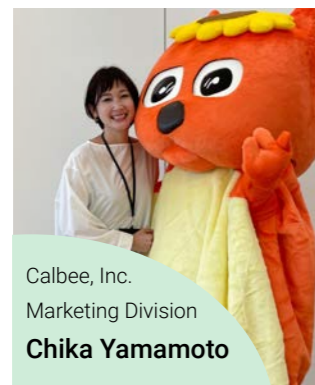
*1 Salt content of all products sold as a percentage of the total weight of products sold *2 13% or more of total energy consumption accounts for protein *3 Food education activities such as Calbee Snack School and factory tours

Deepening the Value Chain



Relevant Materialities	<ul style="list-style-type: none"> 2 Response to health conscious and diversifying lifestyles 	<ul style="list-style-type: none"> 3 Progress of sustainable agriculture 4 Ensuring the sustainability of raw materials and logistics with improved efficiency 	<ul style="list-style-type: none"> 5 Caring for the earth 	<ul style="list-style-type: none"> 6 Foster deeper connections with people, local societies and communities
Cultivated Strengths	<ul style="list-style-type: none"> Multiple product brands with sales in excess of ¥10 billion R&D system that integrates the entire process from raw material development to commercialization Research and initiatives to reduce acrylamide to ensure consumer safety and security 	<ul style="list-style-type: none"> Development and breeding of new pest-resistant potato varieties Cultivation and harvesting support based on advanced cultivation technology Strong relationships with domestic contract farmers built by fieldmen (specialists in potatoes) Potato storage management using the largest storage facilities in Japan 	<p>Production</p> <ul style="list-style-type: none"> Processing technologies for creating products that appeal to the senses (sight, sound, smell, and taste) Processing and seasoning technologies that create product variation Processing technologies tailored to a variety of natural and seasonal ingredients Processing technologies for using whole natural ingredients <p>Logistics</p> <ul style="list-style-type: none"> Logistics systems that consider productivity including loading efficiency and workload reduction Logistics systems optimized for business partners through proposal-based distribution Precise distribution systems for delivering the freshest possible products 	<ul style="list-style-type: none"> Strong sales floor influence based on position as market leader Initiatives to create innovative distribution systems Labeling to ensure that products reach consumers while fresh (extending expiration dates and switching to year/month labeling)

Key Initiatives in the Medium-term Business Plan	<p>01 Existing domestic businesses: Create new value and realize high profit</p> <ul style="list-style-type: none"> Reform snack business Enhance cereal business 	<p>05 Co-creation with society: Achieve a sustainable society</p> <ul style="list-style-type: none"> Strengthen partnerships with producers 	<p>01 Existing domestic businesses: Create new value and realize high profit</p> <ul style="list-style-type: none"> Strengthen business base <p>05 Co-creation with society: Achieve a sustainable society</p> <ul style="list-style-type: none"> Advance sustainable supply chain initiatives 	<p>01 Existing domestic businesses: Create new value and realize high profit</p> <ul style="list-style-type: none"> Strengthen business base
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Calbee, Inc.
Marketing Division
Chika Yamamoto

The strengths of Calbee Group's product planning lie in its unique development capabilities and consistent efforts that span from the procurement of raw materials to development. Though it is not easy to launch a new brand, we have continued to take on challenges over years thanks. In 2020, we launched the light-textured *Thin Potato*, our thinnest chip yet. We have no intention of stopping further technological innovation, and will continue our work to perform new experiments and develop new products.



Calbee Potato, Inc.
Koji Harashima

To maintain a stable quantity and quality of potatoes, we work with contract farmers, starting with potato breeding, and provide other forms of production to resolve farmer's issues. I believe that the trust relationships built between fieldmen and contract farmers has led to the procurement of high-quality domestic potatoes. We will keep striving for stable potato procurement to ensure we can deliver safe and secure products to consumers.



Calbee, Inc.
Hokkaido Factory Manager
Kazuyo Toda

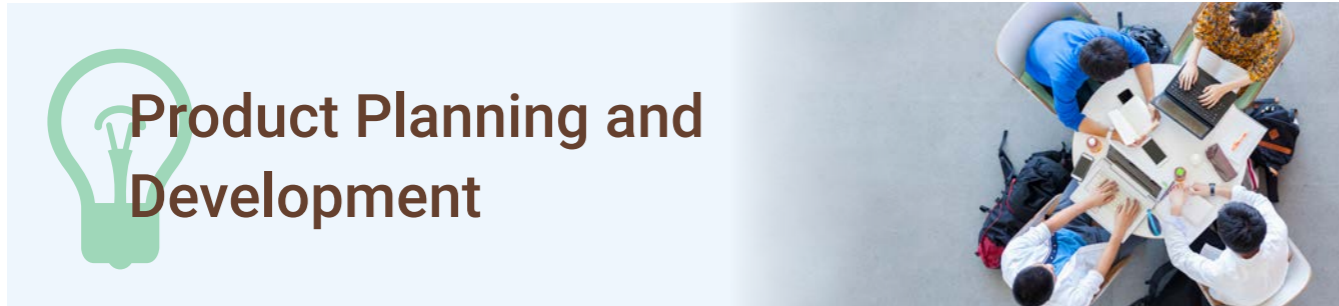
The key factor when it comes to the stable production of safe and secure products and the delivery of these products to customers is the conscientiousness of employees working at production sites. While automated production methods may increase efficiency, it takes the power of people to catch the small differences that allow us to ensure safety and security. We will keep taking on challenges using the powers behind a stable product supply—the power of technology and the power of people.



Calbee, Inc.
Wide-Area Division
Naoki Takayasu

Consumer needs are always changing, and digital transformation is taking our relationship with distributors to the next stage, even on the sales front. We build positive relationships with business partners, and understand their issues to give them the best proposals. Armed with this, and our strengths in the form of our brand power and our ability to make proposals, we intend to fulfill our responsibilities as a manufacturer with a top share of the market.

Deepening the Value Chain



Continuing to innovate beyond the existing concept of snack foods

The environment surrounding our businesses is undergoing great changes. Awareness of the negative aspects of salt intake is rising due to increasing health consciousness. Consumer needs pertaining to food are diversifying as their life-styles change. Given these changes, we are striving to offer them "fine snack" that are healthier. When we say "fine snack" we mean a snack for healthy living that helps people to properly control the intake of appropriate quantities of salt and nutritional components, and that uses natural ingredients that are kind to the body. We are striving to offer a full lineup of products like our bean-based snack *miino*, which contains lots of natural protein. As a new natural ingredient, we are following on from beans to focus on fruit in our post-potato line up of snacks, and have launched *Karitto Ringo*, a crunchy apple-based snack made with our unique processing technology. We are continuing to develop products that go beyond the existing concept of snack foods to meet the diverse needs of our customers, and to offer products that will help them to live healthily.



Karitto Ringo, a dried fruit snack made from Aomori-grown apples

Broadening the potential of cereals through expanding occasions and responding to health consciousness

We are developing products in the cereal category centered on expanding occasions to enjoy them and responding to increasing health consciousness. Our cereal series *Frugra Less Carbohydrates*, which has 25% less sugar than regular *Frugra*, and *Granola Plus* are designed to heighten consumers' health awareness and are helping the granola market to resume growth. To expand occasions for consumption, we launched *Frugra Bits* as a cereal product that can be easily eaten on the go. Furthermore, due to the COVID-19 pandemic, people are recognizing the value of cereals as products that are easy to stockpile. In response, we have begun sales of emergency ration product *Frugra Bits Box for Rolling Stock*. Looking forward, we will promote a variety of new initiatives and expand the possibilities of cereal foods.



Frugra Bits Box for Rolling Stock

Taking on the challenge of stable procurement of potatoes

Key Measures for Steady Potato Procurement

- 1 Promote development of potato varieties
- 2 Promote scientific cultivation
- 3 Reduce agricultural labor
- 4 Disperse production areas
- 5 Diversify suppliers

Purchasing RSPO-certified palm oil that prioritizes the environment and human rights

We believe that climate change is likely to become a growing risk to our procurement of potatoes, and may have a significant impact on our business. To ensure that we can reliably obtain the potatoes, the Calbee Group is pursuing initiatives that include the development of climate change-resistant potato varieties and the decentralization of our potato-producing areas.

In addition, as a labor-intensive crop, a decrease in the number of potato farmer is another risk. Calbee fieldmen (specialists in potatoes) nationwide provide support for potato cultivation and harvesting. We will strive to reduce the burden on contracted farmers through expanding areas where the harvest is conducted collectively by introducing other contractors and other initiatives.

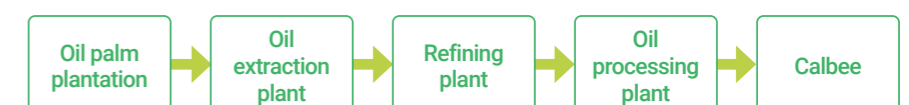
The Calbee Group uses palm oil as cooking oil, primarily for the frying process, and procures approximately 40,000 tons per year in Japan. To promote responsible procurement, the Calbee Group started purchasing certificated credits that are equivalent to the amount of palm oil used by its domestic factories through the Book and Claim system*1 in May 2020. We acquired the certification of RSPO supply chain in March 2021, and in July 2021, our domestic factories gradually switched over to using RSPO-certified palm oil on Mass Balance system*2. Palm oil extracted from the fruit of the oil palm has been linked to major issues, such as environmental destruction, like deforestation and a loss of biodiversity caused by the development of palm plantations, and an increase in greenhouse gas caused by developing peatlands. Another is the major social problem of human rights violations such as forced labor and child labor. We will strive to reduce environmental and social risks towards our goal of completely switching over to certified palm oil*3 by 2030.

*1 Book and Claim system: A system in which credits are traded online between palm oil producers and end-product manufacturers and sellers. Even if the certified oil supply chain is underdeveloped and its oil is difficult to procure, it is possible for us to directly support certified producers.

*2 Mass Balance system: A certification model in which certified palm oil is mixed with non-certified palm oil in the supply chain. Although this oil physically includes non-certified oil, the quantity of the certified oil purchased is guaranteed.

Supply Chain for RSPO-Certified Palm Oil

Palm oil certified by the RSPO receives certification for each stage (and company) in the supply chain to ensure strict control and supply across the entire process, from the oil palm plantations to the final product.



Deepening the Value Chain



- **Striving to enhance productivity through digital transformation**

Labor shortages due to the future decline in the working population of Japan is one of the medium- to long-term risks in our domestic production and logistics. We are working to stably and consistently deliver safe, fresh products to consumers. In the medium- to long-term, to respond to labor shortages, we need to ensure a stable and efficient system, reduce the labor burden, and improve productivity.

One of our initiatives can be found in the trimming of raw potatoes in the potato chip manufacturing process. The condition of potatoes varies depending on the season in which they are used. They are difficult for inexperienced workers to work with, and most of the processes have to be performed manually. To make it easier for people to work at the points of production, we are trying various approaches, with the goal of automating the task where possible.

At the potato chip production line of our Konan Factory, we are conducting pilot trials utilizing AI. Specifically, we are taking data collected in real time from each piece of equipment on the production line and having the AI perform automated analyses, which are fed back into the processing equipment to optimize operations.



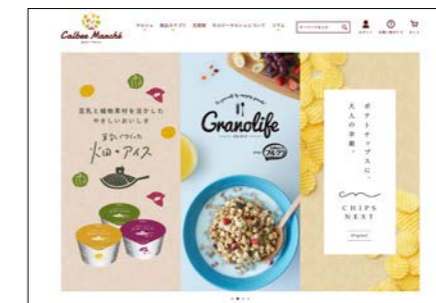
- **Promoting new partnership adapting a changing business environment**

The COVID-19 pandemic has affected our business in many ways. In the places where our salespeople work, face-to-face meetings with our distribution partners have been reduced, and in-store sales promotions have been canceled. On the other hand, we believe that changes in the environment like this also bring opportunities. Efficient schedules can be realized through business negotiations conducted online, enabling detailed follow-up such as participation in business negotiations with distribution partners who might not have been able to participate due to time constraints. Based on our customer-centric approach, we are constantly working on optimal proposals that adapt to changes in the environment. We are always striving to maintain and improve strategic partnerships with our distribution partners.

- **Enhancing e-commerce, expanding our gift snack lineup, and increasing points of contact with customers**

Due to the effects of COVID-19, demand for e-commerce is increasing in Japan too. In response to this increase in demand, we have improved sales by expanding the lineup of limited-edition products centered on our *Frugra* cereal and have worked to enhance e-commerce. The ratio of e-commerce to total sales is increasing year by year, and is expected to continue to grow.

Moreover, due to the drop-off in inbound tourist demand and the decrease in domestic tourists, sales of souvenir products at airports, train stations, antenna shops, and other outlets continue to face hard times. After COVID-19 has receded, we expect that sales of souvenir products will increase over the medium- to long-term, and are striving to expand our product lineup.



Calbee Marché, Calbee's official online shop

CFO Message

The Calbee Group’s vision for 2030 is to “Establish our pivotal growth drivers in overseas markets and new food domains,” and we are implementing our five-year Medium-term Business Plan through the fiscal year ending March 31, 2024, as a milestone towards this. In our Medium-term Business Plan, to realize sustainable growth through transformation and challenges, we will invest actively in growth fields toward further increasing earnings overseas and establishing new food businesses. At the same time, we will work to enhance shareholder returns and increase shareholder value.



To realize our long-term vision, we will go forward with investments in growth fields.

Koichi Kikuchi
Senior Managing Director & CFO

Q What progress has been made in the Medium-term Business Plan (FY2020/3 – FY2024/3)?

The progress of the Medium-term Business Plan has been significantly impacted by the COVID-19 pandemic since last year.

The theme of diversification and expansion of points of contact with customers, such as inbound demand and gifts in the domestic snacks business, is being particularly affected by COVID-19, and demand for gift snack items is down significantly in the domestic market. Lower sales of these high value-added gift snack items is a major factor contributing to sluggish growth of the domestic operating margin. We plan to determine the timing of a market recovery with the end of COVID-19, then launch new products and focus on developing new sales opportunities.

Overseas, there has been a positive effect from nesting demand and business grew primarily in North America, Greater China, and the U.K. We will introduce new products and carry out promotions to enable us to continue to provide delicious food experiences to the new customers we met through nesting demand.

In new businesses, the acquisition of Potato Kaitsuka in April 2020 added a sweet potato business to our portfolio and provided us with a new business foundation. We intend to further strengthen its synergies with our potato business.

Medium-term Business Plan Core Policy Transformation and challenge toward achieving next-generation growth

Six Key Initiatives

- 01 Existing domestic businesses**
Create new value and realize high profit
- 02 Overseas business**
Establish revenue-generating bases in four key regions
- 03 New businesses**
Establish businesses in new food areas
- 04 Management base**
Reform base to support global management and sustainable growth
- 05 Co-creation with society**
Achieve a sustainable society
- 06 Collaboration with PepsiCo**
Strengthen collaboration with PepsiCo

Medium-term Business Plan Management Targets (Fiscal year ending March 31, 2024)

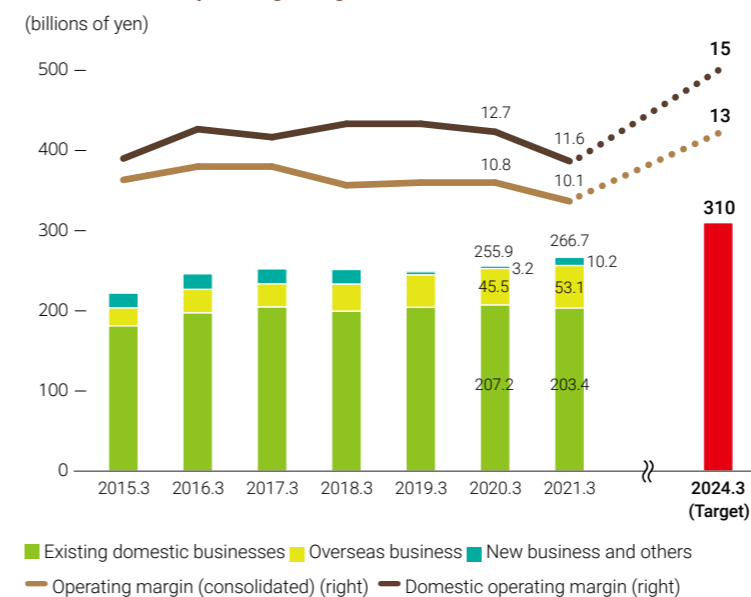
Financial Indices

Consolidated net sales	¥310 billion
Consolidated operating profit	¥40 billion
(Operating margin)	13%
Domestic operating margin	15%
Overseas sales	¥80 billion
(Overseas sales ratio)	25%
ROE	12%

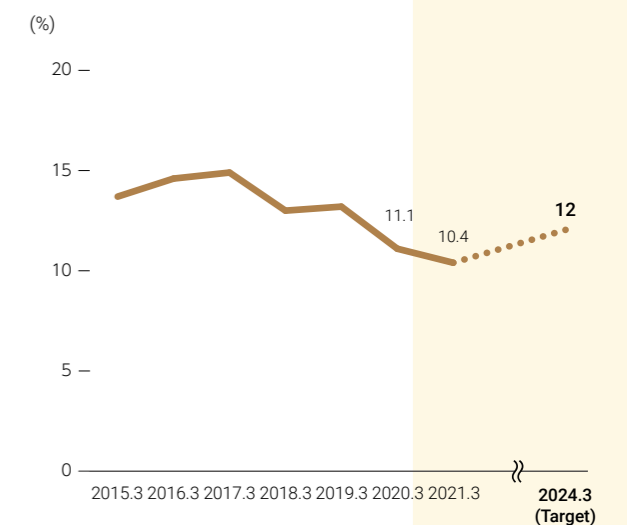
Non-Financial Indices

Salt equivalent in products	20% reduction	Domestic procurement volume of potatoes	400,000 tons
Protein-rich product sales ratio	10%	Product food loss	20% reduction
Food communications	400,000 participants (cumulative)	Greenhouse gas emissions (by 2030)	30% reduction
		Female manager ratio	Over 30%

Net Sales and Operating Margin



ROE



CFO Message

Q What do you consider your role as CFO to be?

I believe that the role of the CFO is to support the CEO in realizing their goals while balancing the business in relation to the growth strategy they envision. To this end, I propose actions we should take toward medium- to long-term growth while controlling short-term business results.

Q Could you discuss the content of your policies for investment in growth fields?

Our policy is to use stable operating cash flow as a source of funds to invest in growth fields in order to establish a new business foundation. In the past two years, we have acquired Warnock to expand our snack business portfolio in North America, and in Japan we acquired Potato Kaitsuka, a sweet potato business, with the aim of entering new food areas. In both cases, we expect to realize synergies with the Calbee Group in addition to growing the acquired businesses.

We will consider growth investment opportunities from a long-term perspective, including achieving higher profitability in existing domestic businesses, driving digital transformation, and developing new food areas.

Q In advancing investment in growth fields, how do you consider post-investment evaluation of their businesses?

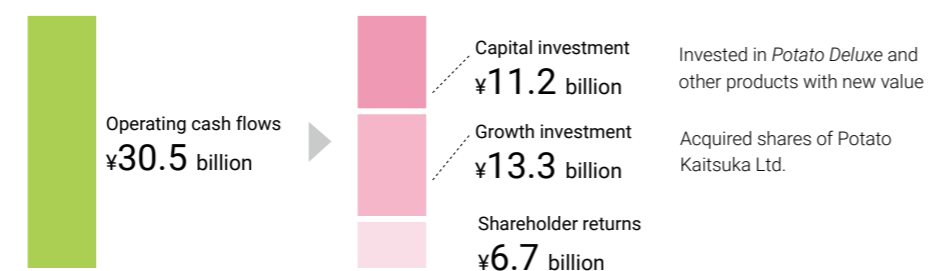
Based on the concept of business selection and concentration, we have so far withdrawn from the bakery business and the business of producing and selling promotional materials, and have also liquidated overseas subsidiaries in Spain, the Philippines, Taiwan, and other places. This is emblematic of the review we conduct of our business portfolio when characteristics of the market or scenarios we initially forecast undergo change. Using this method, we consider various options, such as withdrawal or transfer of a business.

Basic Policy of Cash Flow Allocation

(Five Years from the Fiscal Year Ended March 31, 2020, to the Fiscal Year Ending March 31, 2024)



• Results for the Fiscal Year Ended March 31, 2021



Q What kind of investment will be necessary to further strengthen the domestic business base?

We are currently planning the construction of a new Hiroshima Factory, which will be one of the largest plants of its kind in Japan. In addition to addressing the aging of existing facilities, the new Hiroshima Factory will promote automation in facilities and improved production efficiency in response to growing demand for products and the shortage of labor. As a state-of-the-art mother factory, the new factory's innovations will be deployed to other factories across Japan, with the aim of improving the competitiveness of the Group as a whole.

Q What are the targets and KPIs you are focusing on for each business toward achieving sustainable growth?

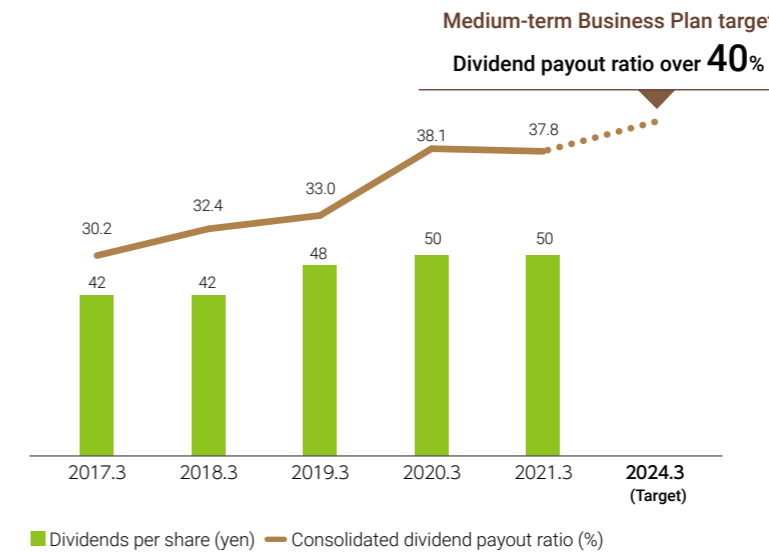
In existing domestic business, we have set an operating margin target of 15% to "create new value and realize high profit." As indicators to monitor progress toward this target, we have set "expansion of ratio of high value-added products," "reduction of cost ratio through automation of production processes," and "raising efficiency of selling costs through strengthening strategic partnerships with distribution partners."

In overseas business, we have set a target of ¥80 billion in overseas sales, and we will expand our product lineup and sales channels mainly in our four key regions of North America, Greater China, the U.K., and Indonesia.

Q What are your thoughts on shareholder returns?

We recognize shareholder returns as one of the most important management issues and have steadily increased dividends per share and the consolidated dividend payout ratio. Our Medium-term Business Plan sets a target consolidated dividend payout ratio of over 40%. Our policy is to enhance the return of profits to shareholders while improving profitability and strengthening our financial position.

Dividends per Share and Dividend Payout Ratio



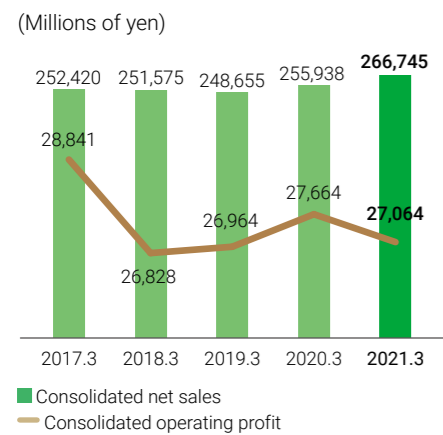
Financial and Non-Financial Highlights

Consolidated net sales and Consolidated operating profit
Consolidated net sales

¥266,745 million

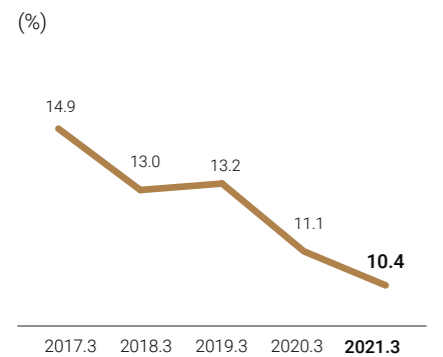
Consolidated operating profit

¥27,064 million



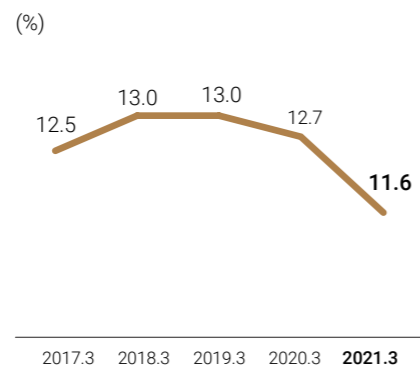
ROE

10.4%



Domestic operating margin

11.6%

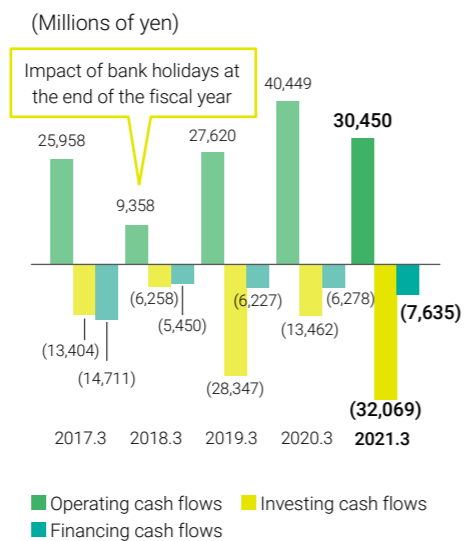


Cash flows

Operating CF **¥30,450 million**

Investing CF **¥(32,069) million**

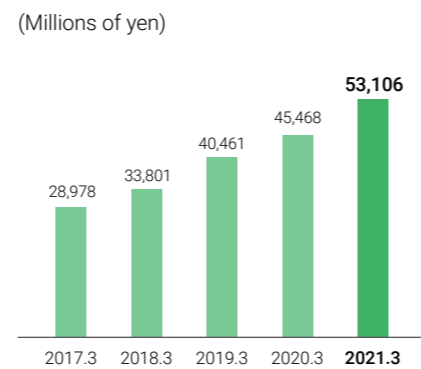
Financing CF **¥(7,635) million**



Operating cash flows Investing cash flows Financing cash flows

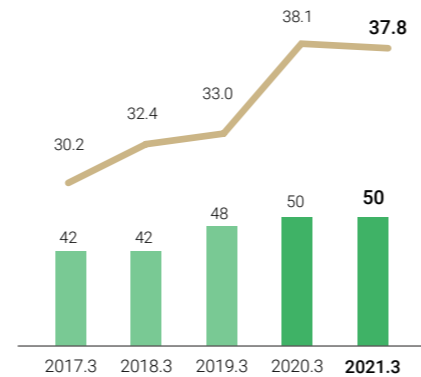
Overseas sales

¥53,106 million



Consolidated dividend payout ratio

37.8%

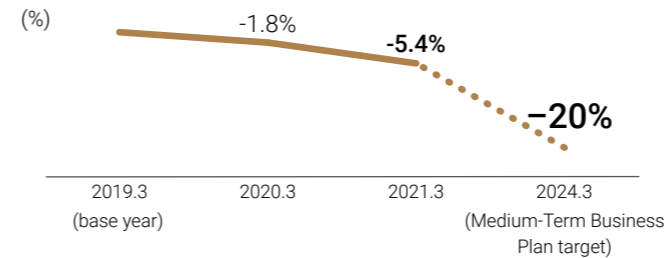


Cash dividends per share (yen) Consolidated dividend payout ratio (%)

For detailed ESG data, refer to the corporate website. <https://www.calbee.co.jp/sustainability/en/esg-data.php>

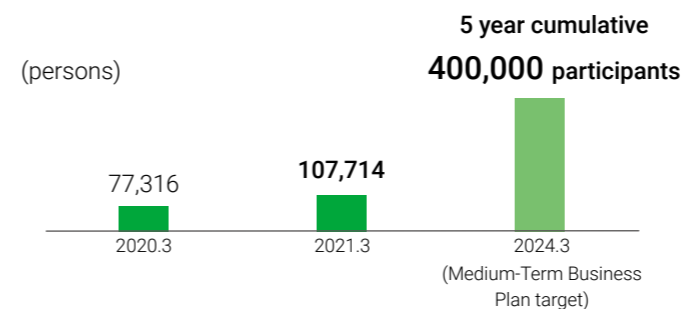
Salt equivalent in products*1 (compared with FY 2019.3)

We are working to reduce salt content in order to provide health-conscious products.



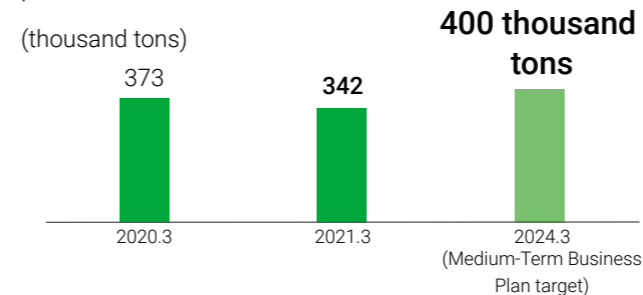
Food communications*3 (accumulated number since FY2019.3)

We promote communication for understanding food, health, and the environment, which supports healthy living.



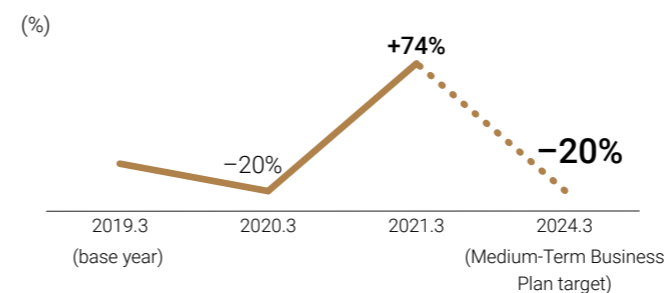
Domestic procurement volume of potatoes (per year)

We strive to contribute to maintenance and stimulation of domestic agriculture and to stably procure domestic potatoes.



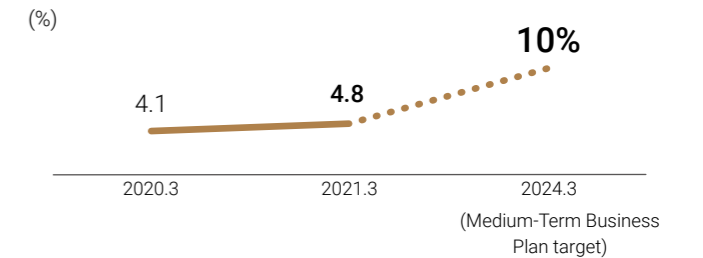
Product food loss (compared with FY 2019.3)

We are working to reduce food loss, aiming to realize a recycling society that utilizes limited resources.



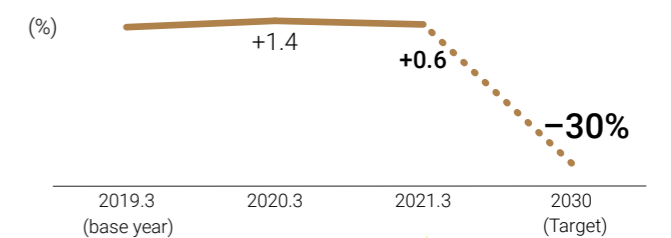
Protein-rich product*2 sales ratio

We promote the creation of healthy products with an awareness of nutritional balance.



Greenhouse gas emissions (compared with FY 2019.3)

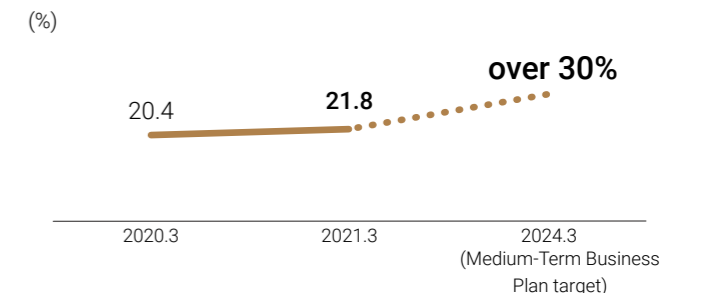
We are working to reduce greenhouse gas emissions toward realizing a decarbonized society.



Scope 1: 2.3% reduction Scope 2: 17.3% reduction Scope 3: 4.7% increase

Female manager ratio

We aim to increase our female manager ratio to over 30% in order to promote active roles for diverse human resources.



(Notes) Product food loss reduction targets and results are for domestic Calbee Group companies excluding Potato Kaitsuka Ltd.. Targets and results for reduction of greenhouses gases are for factories operated by Calbee, Inc., and the Obihiro Factory of Calbee Potato, Inc. All other indices are for Calbee Inc.

*1 Salt content of all products sold as a percentage of the total weight of products sold
*2 13% or more of total energy consumption accounts for protein
*3 Food education activities such as Calbee Snack School and factory tours