

# **Calbee** **Report 2021**

Calbee Group Integrated Report

## 02 Introduction

- 02 — Our Value
- 03 — Calbee Group by the Numbers
- 05 — Our Story and What Drives Us

## 07 The Calbee Group's Goals

- 07 — CEO Message
- 10 — Making "Next Calbee" a Reality
  - 11 — Ventures into Overseas Business
  - 16 — Ventures into New Food Domains

## 18 Value Creation at the Calbee Group

- 18 — Value Creation Process
- 19 — Materiality
- 20 — Deepening the Value Chain
- 23 — CFO Message
- 25 — Financial and Non-Financial Highlights



Calbee Group website

### Investor Relations

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

### Sustainability

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

## 26 ESG to Support Sustainable Growth

- 26 — Human Resources
  - 28 — Employees Challenging Themselves to Innovate
- 29 — Global Environment
  - 30 — Disclosure Based on the TCFD Framework
- 31 — Community
- 32 — Quality Assurance
- 33 — Corporate Governance
  - 33 — A Three-Way Conversation with the CEO and Outside Directors
- 39 — Financial Information
- 40 — Corporate Information



### Editorial policy

Calbee Report, the Calbee Group's integrated report, has been published since the fiscal year ended March 31, 2018, with the intent of introducing stakeholders to the Group's corporate philosophy, management policies, and medium- to long-term value creation. For the fiscal year ended March 31, 2021, the Group focused on challenges overseas and in new food areas to achieve its 2030 vision, "Next Calbee—Harvest power of nature. Creating the future of food." It also placed an emphasis on deepening its value chain from the perspective of creating social and economic value. We hope this report will help readers better understand the Calbee Group and create opportunities for dialogue with stakeholders to enhance our corporate value.

### Period covered

April 1, 2020 to March 31, 2021 (Information from outside this period is presented where appropriate)

### Organizational scope

Calbee Group, comprising Calbee, Inc., and its consolidated subsidiaries

### Issue date

October 2021

### Guidelines used for reference

Ministry of Economy, Trade and Industry (METI) :  
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation

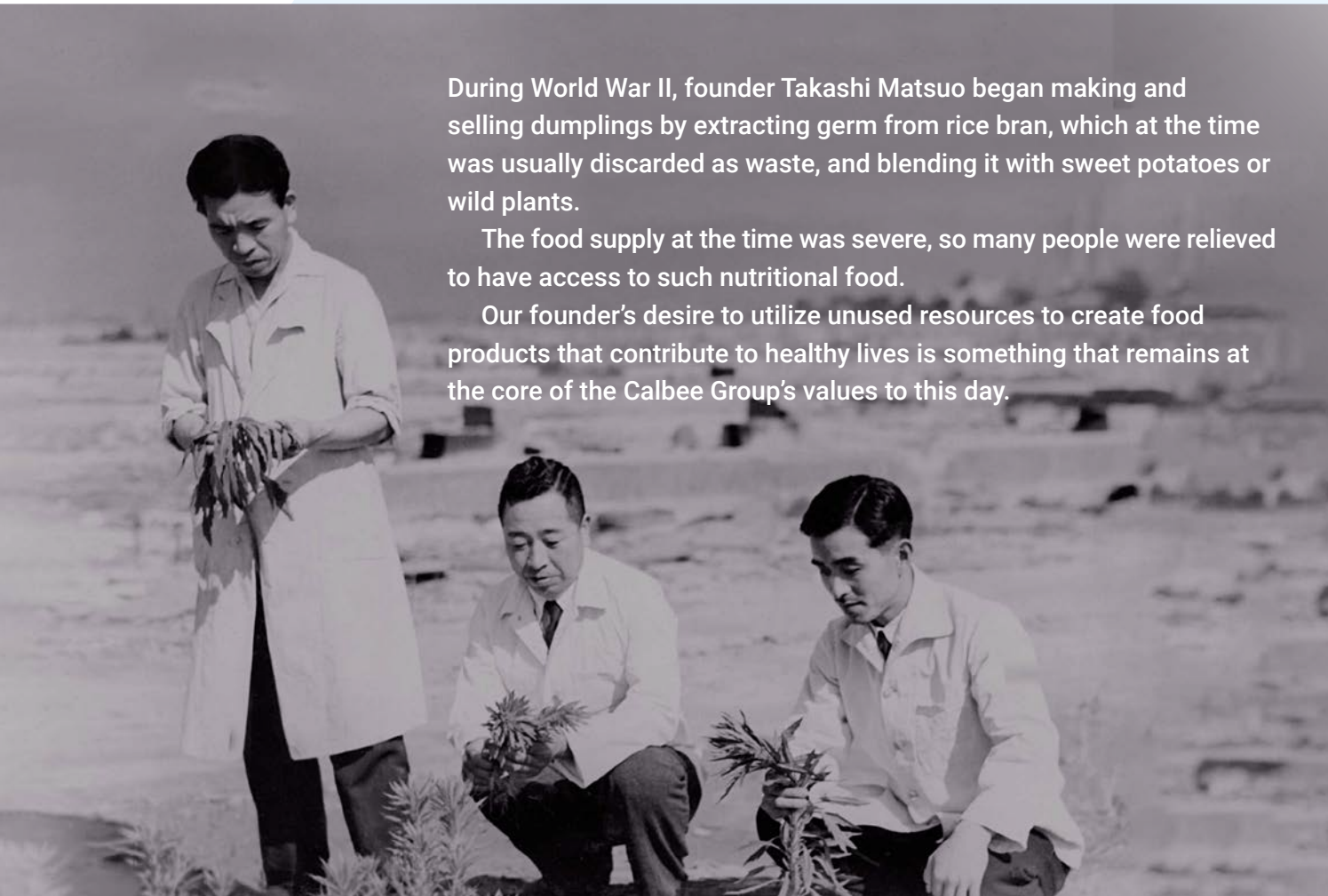
International Integrated Reporting Council (IIRC) :  
International Integrated Reporting Framework

### Concerning descriptions regarding forward-looking statements

In addition to facts about the Calbee Group, this report also includes forward-looking, statements based on information available to Calbee, Inc., at the time they were written. Various factors could cause actual results to differ materially from expectations.







During World War II, founder Takashi Matsuo began making and selling dumplings by extracting germ from rice bran, which at the time was usually discarded as waste, and blending it with sweet potatoes or wild plants.

The food supply at the time was severe, so many people were relieved to have access to such nutritional food.

Our founder's desire to utilize unused resources to create food products that contribute to healthy lives is something that remains at the core of the Calbee Group's values to this day.

Founder Takahashi Matsuo (on the right)

# Our Value

## Corporate Message

# Calbee

Harvest the Power of Nature.

## Group Vision

We must earn respect, admiration and love firstly of our customers, suppliers and distributors, secondly of our employees and their families, thirdly of the communities, and finally of our stockholders.

## Corporate Philosophy

We are committed to harnessing nature's gifts, to bringing taste and fun, and to contributing to healthy life styles.

## The Calbee Group's founding philosophy

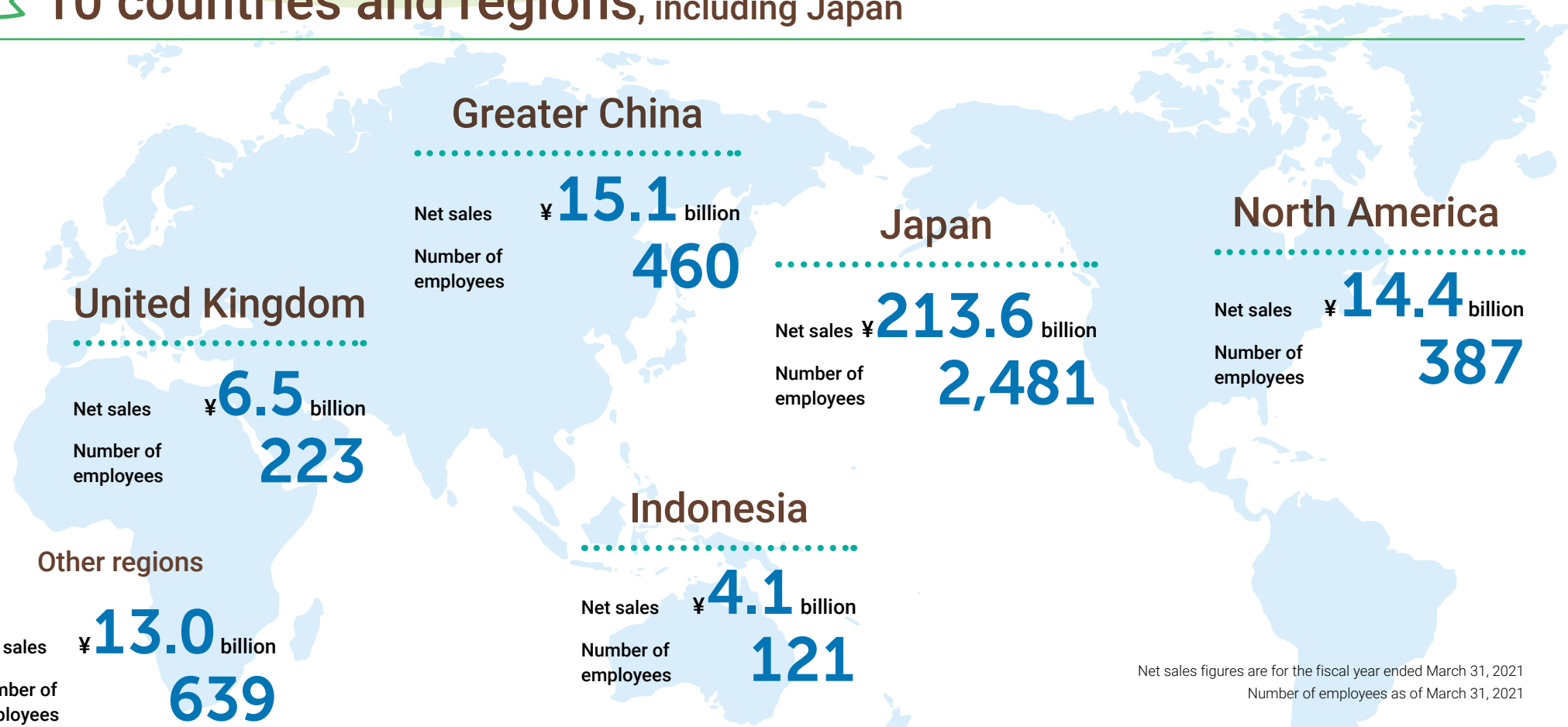
To be a company that gathers knowledge in order to create products that are healthy, safe and affordable, and which utilize unused food resources.

## Words of founder Takashi Matsuo

# Business Helping People

# Calbee Group by the Numbers

## Global operations in 10 countries and regions, including Japan



Net sales figures are for the fiscal year ended March 31, 2021  
Number of employees as of March 31, 2021

FY2021/3  
Consolidated net sales **¥266.7 billion**

FY2021/3  
Consolidated operating profit **¥27.1 billion**

## Domestic market share No.1



Source: INTAGE Inc., SRI+ based on cumulative sales value nationwide, all retail formats, for the fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)  
Snack foods and corn-based snack market share: Total of Calbee and Japan Frito-Lay, Ltd.  
Potato-based snacks: unprocessed potatoes; flour-based snacks: wheat; corn-based snacks: corn  
Granola market share: Cereals market, granola category

## Overwhelming procurement capabilities for raw materials



Domestic procurement volume of potatoes **342,000 tons**

We procure approximately one-sixth of domestically produced potatoes. We are working with contract farmers to build a strong and stable procurement system.

## Living up to customer trust



Repurchasing rate\* **96.6%**

We are making active efforts to further communication with customers, and treat our Customer Relations Office as a contact point.

\* Percentage of customers who replied via questionnaire that they would repurchase products in the same or greater quantities.



# Calbee Group by the Numbers

## Results for the Fiscal Year Ended March 31, 2021, by Business Segment

Consolidated net sales

¥266,745  
(million)



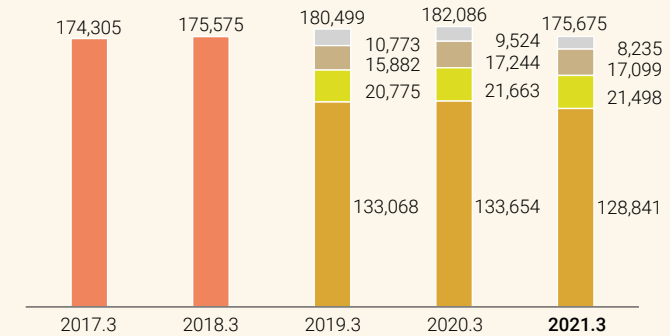
### Domestic Snack Foods

65.9%



#### Net sales

(Millions of yen)



■ Potato-based snacks ■ Flour-based snacks  
■ Corn- and bean-based snacks ■ Other snacks



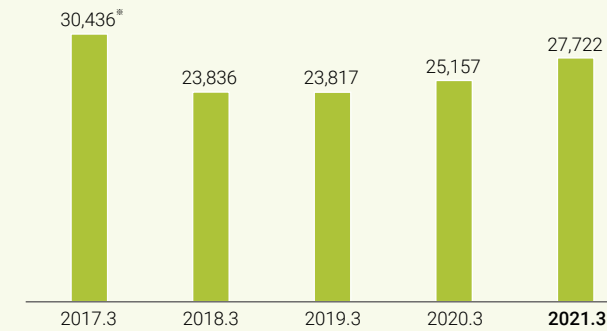
### Domestic Cereals

10.4%



#### Net sales

(Millions of yen)



\* Domestic cereals sales for the fiscal year ended March 31, 2017, include ¥6.2 billion in overseas consumption (estimate).



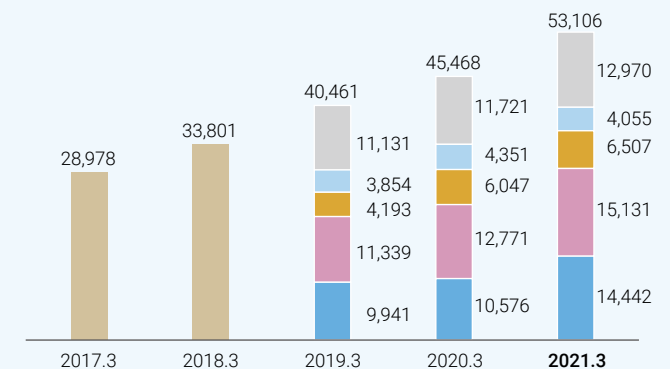
### Overseas

19.9%



#### Net sales

(Millions of yen)



■ North America ■ Greater China ■ United Kingdom ■ Indonesia ■ Other regions

Other food products  
(sweet potatoes, potatoes)

Other businesses  
3.8%



# Our Story and What Drives Us

Since our establishment, the Calbee Group has worked to resolve social issues related to food by harnessing nature's gifts to create tasty and fun products. We will continue to innovate and take on new challenges, contributing to healthy lifestyles.

## Creating a system for the stable supply of fresh ingredients



A Calbee factory at the time of *Kappa Ebisen* launch

To expand sales of *Kappa Ebisen*—then produced in western Hiroshima Prefecture—to eastern Japan and deliver freshly made products to stores, a new factory was built in Utsunomiya, Tochigi Prefecture. To keep up with its expanding production, the Calbee Group established a system by which a stable supply of fresh shrimp could be procured and delivered to factories. This system would serve as the cornerstone for the Group's future value chain.

# 1949–1974

## Founding

The cornerstone for growth grounded in our founder's ideals

1949

**Establishment** Matsuo Food Processing Co., Ltd., established in Hiroshima Prefecture

1955

Company name changed to Calbee Confectionery Co., Ltd.



1955

### Kappa Arare

Developed Japan's first wheat *arare* (Japanese cracker) using unused food resources

## Utilizing of unused food resources



Founder Takashi Matsuo

Calbee founder Takashi Matsuo made it his personal mission to develop healthy foods. Calbee's name, a portmanteau of "calcium" and "vitamin B1," reflects that determination.

In 1955, using cheaply imported wheat flour in place of rationed rice, Matsuo created the *Kappa Arare* wheat cracker, and in 1964 began selling the *Kappa Ebisen* snack, made with fresh whole shrimp. Both products were first-of-their-kind foods created from unused resources.

1964

### Kappa Ebisen

Developed a nutritious snack made from fresh whole shrimp



1968

Utsunomiya Factory begins operations

1969

Chitose Factory (now Hokkaido Factory) begins operations

1972

### Sapporo Potato

Developed a dough snack out of a mixture of potatoes and vegetables



1975

Company name changed to Calbee, Inc. 1973



### Potato Chips

Entered the potato chips business, inspired by the boom in the U.S. market

## Entering into the potato chips business



Train advertisements for *Potato Chips* in 1975

Calbee began selling its *Potato Chips* in 1975—but initial sales were weaker than expected. To ensure the freshness and flavor of products on store shelves, Calbee began to set up factories near markets where its products were being consumed and switched from making bulk deliveries to more frequent small-lot deliveries. These measures were the foundation of a system that facilitated the sale of fresh products and paid off when *Potato Chips* became a hit product across Japan.

# 1975–2009

Calbee Potato, Inc., established to manage raw material potato 1980

1984

*Potato-maru* launched, world's first dedicated potato-carrying vessel

Snack Food Service Co., Ltd., (now Calbee Logistics, Inc.) established to handle logistics 1990

## Growth

Establishing a potato business in harmony with the land and producers



### Building a strong value chain in the potato business



A farming partner and Calbee fieldman

To match the sales growth of *Potato Chips*, Calbee began to overhaul its potatoes procurement production. Calbee's fieldmen (specialists in potatoes) worked with production areas and producers to create a system for the cultivation, procurement, and storage of potatoes and built a unique value chain that managed each process—from production to distribution and sales—in a vertically integrated manner.

### Developing cereal into a second pillar of business



Cereal product *Fruga*

Calbee changed the name of *Fruits Granola*, launched in 1991, to *Fruga* in 2011 and it began to gain traction, especially among working women who turned to it as an easy and consistent source of nutrition even during busy mornings. *Fruga* has established a new style of eating breakfast in Japan and now Calbee is actively promoting sales in Greater China and other areas overseas.



### 2011

#### Fruga

(Released in 1991 as *Fruits Granola*, later renamed *Fruga*)

Developed a new style of quick and healthy breakfast

## 2010

2011 Listing on the First Section of Tokyo Stock Exchange

2013 PT. Calbee-Wings Food (Indonesia) established

2014 Calbee (UK) Ltd (now Calbee Group (UK) Ltd United Kingdom) established

2015 Calbee E-commerce, Ltd., (Hong Kong) established

2018 Calbee (Hangzhou) Foods Co., Ltd., (China) established

Acquired UK-based Seabrook Crisps Business 2018

Acquired 80% of shares in US-based Warnock Food Products, Inc. 2019

Calbee (China) Co., Ltd., is established 2020

Acquired all shares of Potato Kaitsuka Ltd. 2020



### 1995

#### Jagarico

Developed a handy, portable snack-in-a-cup

2002 IT-driven potato field management inaugurated

### 2003

#### Jaga Pokkuru

Created new points of contact with customers in Hokkaido's souvenir markets



### Accelerating Overseas Expansion



Employees of Calbee North America, LLC

Since 2010, Calbee has positioned the growth of its overseas business as a key issue and has accelerated its expansion in these markets. We have set North America, Greater China, the United Kingdom, and Indonesia as our four key regions, and tailor our products to suit the needs of the local market and consumers. Going forward, we will build a solid business foundation and develop our global brands.

### Key Overseas Products



Reform  
Daring to enter new fields

# 2010-

## CEO Message



## Working With Our Stakeholders to Co-Create the Future of Food

Shuji Ito  
President & CEO

### Seeing changes in the environment as opportunities to promote business transformation

In 2020, the COVID-19 pandemic spread worldwide, and the changes in people's lives, values, and purchasing behavior had a major impact on corporate activities. Outcomes for Calbee Group products varied. On one hand, purchases as souvenirs by inbound tourists and domestic travelers, or for consumption on outings or at the office, decreased significantly. On the other hand, demand for snacks and cereals surged, driven by nesting demand. Looking at the medium- to long-term business environment, customer values and needs are becoming more diverse. This is due to several factors. In addition to the declining population and increase in the number of single-person households in Japan accompanying the declining birthrate and aging population, consumers' preference for health and convenience is increasing. In the global market as well, with the increase in health consciousness in line with economic growth in many countries around the world, competition for resources, including raw material procurement, is becoming fiercer. I feel that the speed of these changes is accelerating.

As a food company, I believe that our most important responsibility is to reliably deliver safe products to our customers. Last year in particular, with the spread of the COVID-19 pandemic, we focused on how to ensure stable production and supply while protecting the safety of our employees and business partners. Although we experienced delays in the procurement of some imported raw materials, by reviewing product policies and launching alternative products we minimized the impact on our customers. Moreover, in response to increased demand, we set up flexible production shifts and strove to provide a steady supply of products while sufficiently ensuring employees' safety.

At present, the Calbee Group is striving to transform its business by 2030 under the banner of our long-term vision "Harvest the power of nature. Creating the future of food." Responding to changes in the business environment and emerging social issues is a theme that we should address and is also an opportunity for sustainable growth. Treating COVID-19 as an opportunity, we must be more sensitive to changes and take the lead in business transformation.

**Next**  **Calbee**

Harvest the power of nature. Creating the future of food.



## CEO Message



### Business growth in key overseas regions

The growth of our overseas business is an important theme for the Calbee Group. We are currently focusing our efforts in four key regions (North America, Greater China, the United Kingdom, and Indonesia) and are promoting policies aimed at establishing revenue-generating bases. We have strengths that we have developed in Japan, such as production and processing technology that creates texture and product variations, and the high recognition of the Calbee brand. We will lever this competitive advantage and expand our business by changing the products we introduce and our approach to each market according to the market's characteristics.

The Calbee Group's overseas business growth in the past decade has been largely the result of hit products such as *Honey Butter Chip* potato chips in South Korea and the bean-based snack *Harvest Snaps* in North America. This high reliance on individual product brands became an issue for us. As a way forward, in October 2018 we acquired Seabrook Crisps Limited of the United Kingdom with its potato chip brands, and in October 2019 acquired U.S. snack food production contractor Warnock Food Products, Inc., augmenting our product portfolio. We have since launched new products based on synergies with Seabrook and Warnock.

In addition to developing products that meet local needs, we are also promoting the introduction worldwide of unique brands from Japan such as *Frugra* cereal, *Jagarico*, and *Jagabee* potato stick snacks. In Greater China, Calbee brand recognition has increased as a result of tourists visiting Japan, and sales have grown centered on e-commerce sales of snacks such as *Jaga Pokkuru* and *Jagabee*. In North America, snacks such as *Kappa Ebisen* and *Jagarico* have gained recognition in ethnic market sections (which stock Asian foods), and sales can be expected to increase.

Looking at the global market in this light, our opportunities for business expansion in the food sector are growing. In particular, there is great interest in high-quality food products

▶ P. 11  
Ventures into Overseas  
Business

made in Japan. This interest should act as a tailwind for Calbee as we aim to grow our overseas business.

### New food categories that harness nature's gifts

Another important theme for the growth of the Calbee Group is venturing into new food categories.

We have a high level of expertise in natural ingredients, especially potatoes, which supports strong product brands such as *Potato Chips* and *Jagarico*, and we are applying this expertise to other products. In April 2020, we entered the sweet potato business through the acquisition of Potato Kaitsuka Ltd., which was involved in the wholesale, processing, and sale of sweet potatoes. Taking advantage of the affinity between potatoes and sweet potatoes, we expect to realize significant synergistic effects, particularly in the area of procurement. In the domestic market, demand is growing mainly for sweet potatoes with a high sugar content that makes them suitable for use as dry-roasted sweet potatoes, but this variety is also highly regarded overseas, and we anticipate expanding demand on a global scale. The sweet potato business is a new food category for us, and we will strive to grow this business so that it can become one of the pillars supporting the growth of our Group.

Additionally, in August 2020, we concluded a comprehensive partnership agreement with the Hokuren Federation of Agricultural Cooperatives to enhance our arrangements for potato procurement and to promote agricultural products from Hokkaido. Through this agreement, we will venture into the promotion of business development involving new ingredients.

As stated in our corporate philosophy of "We are committed to harnessing nature's gifts, to bringing taste and fun, and to contributing to healthy life styles," we believe that the Calbee Group's business foundation is to create demand by procuring, processing, selling, and adding value to natural ingredients to create the value sought by consumers both in Japan and overseas. Expanding this business foundation beyond potatoes to sweet potatoes and other produce is one of our business models in new food categories. We believe that such initiatives are not limited to new business for Calbee but can also create value for stakeholders such as producers and, by extension, for the global environment.

In addition, our ventures into new food categories not only expand our existing business base but also drive development into areas that have potential from the perspective of solving consumer issues. In our Next Calbee vision, the search for new food categories that will become pillars of Group business will roll ahead on the two wheels of the "evolution of knowledge" and the "search for knowledge."

### A domestic business base that responds to changing needs and social issues

Domestically, we are continuously striving to grow existing products and to develop new ones to meet diversifying consumer needs amid a general trend of rising health consciousness. We are enhancing the promotion and sales of several products, including: *Granola*

▶ P. 16  
Ventures into New  
Food Domains

▶ P. 20  
Deepening the  
Value Chain

## CEO Message

Plus, a cereal that focuses on functionality; *Potato Deluxe* and *Thin Potato*, two potato chip products with different cuts that offer variation in texture; and *miino*, a snack made from beans and other high-protein ingredients. We are also aiming to create new value that meets a wider range of needs and eating opportunities. In addition, the COVID-19 pandemic has increased domestic consumption of food products, and demand for snack foods such as large-bag products and snacks that go well with alcohol at home. We have expanded our range of products to respond to this trend. To adapt to these diverse changes in demand, we will promote the use of digital technology and build a flexible and robust supply chain.

We also want to build a next-generation production system by promoting automation and labor-saving in production and distribution, improving productivity, and transforming workstyles. Currently, we are moving ahead with a plan to build a new factory in Hiroshima Prefecture. This is scheduled to start operation in FY2025. The new factory will incorporate highly efficient advanced technology to cope with labor shortages and to meet growing supply and demand. We plan for this to be a factory that will solve various issues, such as reducing environmental burden by using less energy. The factory will also play a role as an innovation base for manufacturing, such as developing new food categories, new technologies, and new products. In the future, we want this plant to serve as a “mother factory” that will supply know-how to other factories to increase the competitiveness of the Calbee Group's production sites as a whole.

### Creating an organization that strives for business transformation —

I believe that our employees are our most important asset in the transformation of our business as we strive to make Next Calbee a reality. Each employee must have a venturesome spirit, look at the needs of customers and society, and work together to solve issues through our business. The Calbee Group's founding philosophy was to provide healthy, safe and affordable products amid the difficult food conditions of postwar Japan. Although our philosophy has changed slightly with the times, we have inherited this founding spirit of wanting to make products that can help bring flavor and good health to our customers' lives. I believe that this is the driving force behind our business growth. With our founding philosophy in mind, I want each of our employees to grow and to encourage our business transformation.

The Calbee Group believes that the growth of our employees will build our future. We recognize diversity in personality and ability, and we are doing more to make our organization a place where everyone can play an active role. We have taken the lead ahead of other corporations in a range of measures in areas such as diversity and inclusion, workstyle transformation, and health management. In 2020, we introduced the “Calbee New Workstyle,” based on teleworking, to encourage new ways of working. We will expand the range of places where people can do their jobs and contribute to the company's performance, regardless of the time and location that each employee chooses. In the departments that support our supply chains, such as production and logistics, there are restrictions on the scope of the introduction of telework; however, based on the Calbee new workstyle concept of the “Calbee New Workstyle,” we will encourage workstyle transformation by promoting the transition to the next generation of production system.

▶ P. 26  
Human Resources



### Achieving a sustainable society through business

To achieve sustainable business activities, it is necessary to overcome various challenges. There are environmental issues such as climate change and resource depletion, as well as problems involving labor and human rights issues in the supply chain. Amid all this, a regular supply of agricultural products is essential for us to be able to use nature's ingredients and to continue to steadily supply the products that our customers have grown to love. The Calbee Group is setting up the proper cycles in the value chain by making sustainable procurement with consideration for the natural environment as we utilize those precious resources in our production. We have many stakeholders, including producers and raw material business partners and local communities, and as a company we are in a position to make a positive impact on the global environment. Together, we are creating value sustainably. I believe that this is the role of the Calbee Group.

Amid the significant changes taking place in the business environment around us, we need to enhance our management flexibility, transform our domestic business base, and set up revenue-generating bases in global markets. We also need to accelerate the establishment of new operations focusing on businesses in new food categories. At the same time, as a company that provides essential goods, we are resolved to engage in co-creation with our stakeholders to help overcome environmental and social issues, and achieve a sustainable society.

The Calbee Group aims to be a business that creates a new future of food, and our entire company will work as one to advance towards this goal. I would like to ask all our stakeholders for their continued understanding and support in this endeavor.

October 2021  
**Shuji Ito**  
President & CEO



# Making "Next Calbee" a Reality

The Calbee Group promotes its business activities with the goal of achieving its vision for 2030, "Next Calbee—Harvest the power of nature. Creating the future of food." In Japan, we continue to cater to diversifying customer needs and provide new value from food. At the same time, we are working to accelerate the development of our overseas business and take on the challenge of expanding into new food categories.

▶ Ventures into Overseas Business [P. 11](#) ▶ Ventures into New Food Domains [P. 16](#)

Consolidated net sales  
(Billions of yen)



## Vision for 2030



Harvest the power of nature. Creating the future of food.

▶ Toward 2030

Establish our pivotal growth drivers in overseas markets and new food domains

▶ 2030 Targets

Overseas sales ratio

Over **40%**

New food domains sales ratio

Over **20%**





# Ventures into Overseas Business



## Keiei Sho

Managing Executive Officer,  
President, Overseas Company,  
Calbee, Inc.

## Creating fun and tasty products for the world

The Calbee Group is currently expanding its overseas business in nine overseas regions. We have made North America, Greater China, the United Kingdom, and Indonesia (which all have high growth potential) our four key regions and are pursuing strategies that emphasize each region's local characteristics. We are working to expand our overseas business to deliver fun and tasty products throughout the world. This is the corporate philosophy of the Calbee Group.

### Utilizing our wisdom nurtured in Japan for overseas business development

In the overseas business of the Calbee Group, since the 2010s we have pursued a strategy of localization, primarily expanding into several countries through joint ventures with local partners. While we have made rapid progress, we are concerned that we have not fully utilized the strengths and knowledge we have nurtured in Japan. In Japan, we have set up a brand team and a marketing team who are dedicated to our overseas business and are currently promoting marketing strategies that focus on the characteristics of each country and region to enhance market penetration of the Calbee brand. Our managers in charge of each region strive to achieve a balance of governance, taking the functions of development, production, and product planning nurtured in Japan and introducing these in a way that meets local needs while functioning as the business partner of each overseas business company that supports strategic planning and implementation.

### Strategies in four key regions: Leveraging regional characteristics with the strengths of the Calbee Group

#### North America and the United Kingdom:

#### Entering the snack food mainstream through product portfolio expansion

In North America and the United Kingdom we have expanded bean-based snacks in the "Better For You" category targeting health-conscious individuals. The Calbee Group's processing technology, which makes the most of natural ingredients, is a good match with health-oriented snacks and has

gained recognition in this regard. However, these products are only gaining the support of specific segments of consumers; further growth requires expanding our product portfolio and entering the mainstream of snack foods.

Competing major European and American snack food manufacturers tend to make few changes to their product lineups. While the needs of consumers, particularly those of younger generations, are diversifying, we believe that expanding our product portfolio by leveraging the variations in flavor and texture of products in the Calbee Group will be our strength. We will quickly respond to customer needs and strive for differentiation.

In North America, we acquired snack food production contractor Warnock Food Products, Inc., in 2019. In April 2021, we transferred our North American businesses into a holding company structure. This new arrangement unified the production, sales, and marketing functions in North America, which had been distributed among multiple organizations, to enable the fulfillment of our comprehensive strategic plans. At present, we are utilizing Warnock's production capabilities and technology, and are promoting the development of products that suit local tastes. Additionally, we are bolstering our sales by launching unique products such as *Jagarico* from Japan into the U.S. ethnic foods market (Asian foods sections). With ethnic markets expected to expand further, we will strive to capture that growth.

In the United Kingdom, we acquired potato chip manufacturer Seabrook Crisps Limited in 2018. The company has over 70 years of history. The addition of potato chips, a mainstream snack food, to our product portfolio has led to the steady appearance of synergistic effects such as the strengthening of our sales ability. The new products that we have developed under the Seabrook brand using Calbee technology have been well received. Looking ahead, we will expand our product portfolio under the Seabrook brand, which has a high level of recognition in the U.K., to achieve further growth.



## Ventures into Overseas Business

### Greater China:

#### Leveraging active investment of resources and high brand awareness to grow sales

In the Greater China region, awareness of the Calbee brand has grown thanks to the impact of tourists to Japan, and sales have expanded centered on e-commerce. Calbee original products such as *Jaga Pokkuru*, *Jagabee*, and *Frugra* are gaining support, particularly among high-net wealth individuals. In China, trust in Japanese-made products and Japanese brands is high. We believe China is a region that offers great opportunities for growth.

Interest in new products is very high in China, particularly among younger consumers, and a succession of competing start-up companies are entering the market. This is why we need to advertise and promote our products to improve the rate of repeat purchases and to attract the large middle-class population. For example, our advertising of *Jagarico* involved local influential celebrities and proactive activities to promote the product. *Jagarico* is a product with a characteristic texture, created by our unique processing technology. We want to convey to consumers its uniqueness and the attractiveness of high Japanese quality to further boost sales.

To focus on sales at retail stores, in 2020, we established Calbee (China) Co., Ltd., as the headquarters company for our activities in Greater China. Through Calbee (China) we will strengthen marketing and sales by taking our business with retailers, which had previously been outsourced to distributors, in-house.

At present, most Calbee products are imported into China from Japan; however, looking ahead to long-term growth, we will consider building up a supply structure in China.

### Indonesia:

#### An opportunity to expand the market amid medium- to long-term economic growth

Indonesia is a country with high growth potential, against a backdrop of mid- to long-term population growth and economic expansion. The Calbee Group has a roughly 15% share of the Indonesia, potato chip market and has gained a certain level of recognition. Nevertheless, to make the business profitable it is necessary to introduce advertisements, promotions, and new products to gain further recognition.

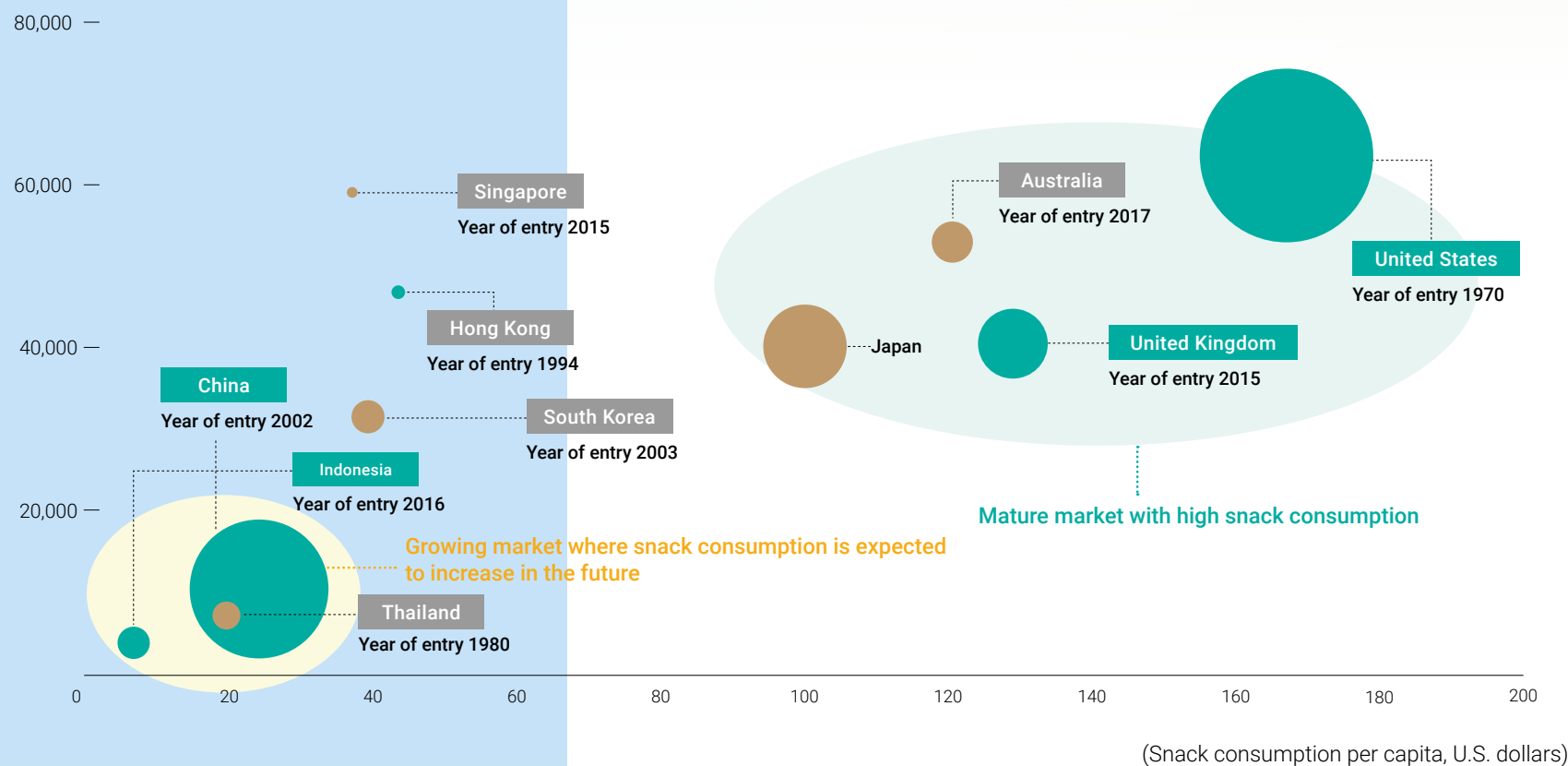
Going forward, we will make the most of Japanese knowledge and technology to develop new products that have never been seen in the Indonesian market, as well as products with new flavors that suit local preferences. In this way, we will differentiate ourselves from our competitors. As most of the potatoes we use are imported into Indonesia at present, we will continue to encourage local procurement in Indonesia and provide technical guidance to growers.

We hope our contribution to the development of agriculture in Indonesia will help engender a stable supply of raw materials for potato chips.

## Overseas Snacks Market and Calbee Group Business Operation

(GDP per capita, U.S. dollars)

\* The size of the circle is the snack market size.



(Snack consumption per capita, U.S. dollars)

Source: (Snack market) Euromonitor, Savory Snacks, 2020

## Opening up peripheral markets using our global network

In the past, the concept of local production and local consumption was the most common; however, we want to utilize the Calbee Group's global production bases to flexibly respond to the market needs of each country.

In Australia, just as in Europe and North America, there is tremendous growth in the "Better For You" market that offers significant growth opportunities. We produce *Harvest Snaps* for Australia at our factory in Thailand, which has a high production capacity and can offer a stable supply of high-quality products. This has enabled us to rapidly advance into the Australian market where we do not have any local production facilities. We produce high-quality, price-competitive products at our factories in Thailand and Indonesia and are launching sales of these in regions including China and the Middle East.

## Ventures into Overseas Business

Entering new snack categories via Seabrook brand



**Shinji Haruna**  
General Manager,  
Europe Business Group,  
Overseas Company,  
Calbee, Inc.

With the acquisition of Seabrook in fall 2018, which added a new potato chip brand to our portfolio in this key snack category, we were able to build a foundation for new challenges in the U.K. snack market. *Loaded Fries*, which began sale in 2020, is the first corn-based snack under the Seabrook brand and has a unique shape and flavor. With this product, we are now able to cover a wider range of snack categories. By utilizing the Seabrook brand, which has a long familiarity for the local market, we hope to strengthen both the brand and the product by increasing recognition while promoting the high quality that is the Calbee Group's strength.

### United Kingdom

*Loaded Fries*



Applying Calbee's manufacturing technology to develop original products in Indonesia



**Teiichiro Morioka**  
President  
PT. Calbee-Wings Food

In spring 2021, the Calbee Group launched *Guribee*, a four-layered corn-based snack, with the aim of creating a unique snack not found in competing products in the Indonesian market. Until this point, most Calbee Group products for overseas markets were products developed in Japan and refined to match local preferences, but *Guribee* is a completely new type of product that has never existed at Calbee Japan. It is a four-layered snack that is fun to look at, and uniqueness in texture with melt-in-your-mouth goodness thanks to Calbee's characteristic technology. Experts in development and production technology were dispatched from Japan and through the application of snack processing technologies cultivated in Japan, the product was developed over a period of seven years of repeated trial and error. This new brand is the fruit of our relentless willingness to take on challenges to develop new products and we expect it to contribute greatly to the penetration of the Calbee brand in the Indonesian market.

### Greater China

*Jagarico*



## Increasing penetration of the Calbee brand in four key regions

We are tailoring new products to the needs of the market in each country and working toward further Calbee brand penetration with our strength in high-quality products achieved through unique technology for processing ingredients cultivated in Japan.

### Indonesia

*Guribee*



To develop the *Jagarico* brand, which is well-loved in Japan, as a global brand, Calbee began sales in China in 2020 under the name *Tudoubang* ("potato stick"). In China there is a significant trend, particularly among younger generations, to learn about new brands and products through social media posts from celebrities, KOLs (key opinion leaders), and the like and to make purchases via means such as e-commerce. Calbee promotes communication of *Jagarico's* fun and tasty product value, which connects people and makes consumers' lives more enjoyable. Inbound demand has led to a certain increase in the recognition of the Calbee brand. Therefore, we would like to promote Japan's popular snack *Jagarico* and make it a product brand loved by consumers in China.

Expanding fun & tasty *Jagarico* brand in China



**Kanae Obata**  
Marketing Team Manager,  
Overseas Company,  
Calbee, Inc.

### North America

*MY POTE*



With the addition of Warnock Food Products to the Group in fall 2019 and the significant expansion of product types that can be produced in the United States, we launched *MY POTE* as a new brand based on the synergies between Calbee and Warnock. *MY POTE* is a potato chip made with 100% local U.S. potatoes with an emphasis on thinness and texture created through our unique technology. The U.S. development, sales, and marketing teams compiled market needs and deployed Japanese production technology in the U.S. to realize the creation of a Calbee Group product without compromise. Our aim is to attract the younger generation that is always looking for new snacks with simple packaging design and special flavors such as "Himalayan Pink Salt" and "Onion Soup". Through this product we hope to develop a slightly different and fresh side of the Calbee brand in North America.

Creating a new product brand through Calbee x Warnock



**Maiko Shimano**  
Senior Marketing Manager,  
Calbee North America, Inc.



Ventures into Overseas Business

# Overview of Our Four Key Regions

The Calbee Group's overseas business develops different products in each country, keeping in mind market conditions, consumer needs, and income level. In Europe and North America, there is a huge market for snacks. With consumers becoming more health-conscious and demanding products that are good for their bodies, we have increased our focus on healthy snacks. We are also expanding our business, leveraging M&As to add potato chips and other mainstream snacks to our product lineup. As the economy grows in several Asian countries, the snack markets in these countries are also entering a growth stage. By raising awareness of the Calbee brands, especially in Greater China, we will capitalize on this market growth and expand.

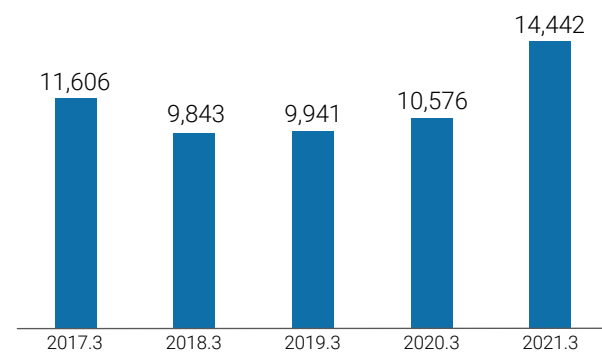
## North America

In North America, we manufacture and sell *Harvest Snaps* in the "Better For You" category. *Harvest Snaps* is a brand manufactured using the same technology as in our Japanese *Sayaendo* products, with packaging and flavoring tailored to local consumer tastes. In ethnic markets that deal in Asian foods, we import and sell potato chips, *Jagabee*, *Kappa Ebisen*, and other products.

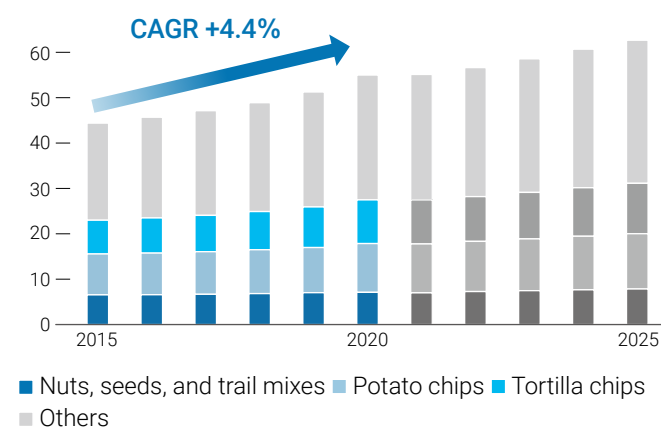
In November 2019, we acquired and began the consolidation process for Warnock Food Products, Inc., a contracted manufacturer of a wide range of snacks such as potato chips, tortillas, and puffed snacks.



**Net sales**  
(Millions of yen)



**North American snack market growth**  
(Billion U.S. dollars)



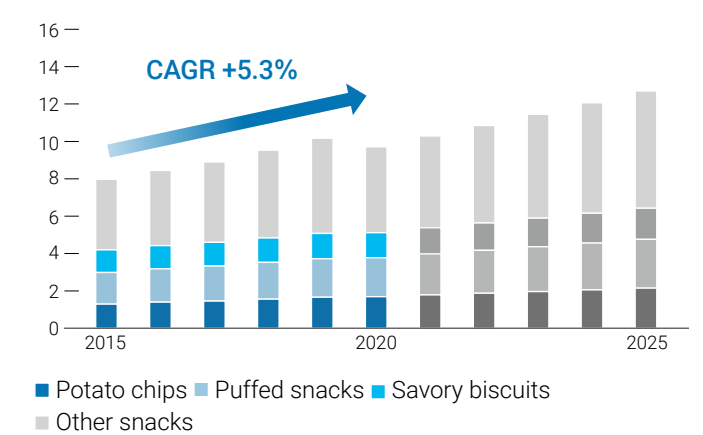
## Greater China



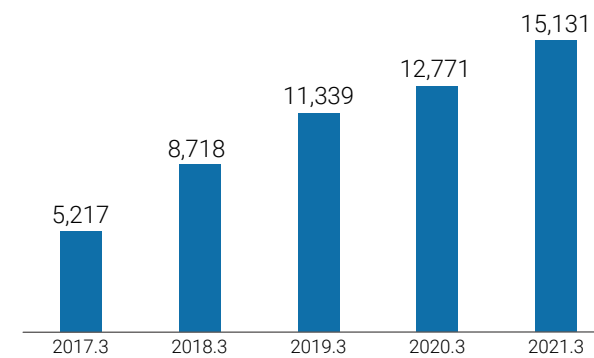
In Greater China, Calbee has a high rate of brand recognition thanks to significant inbound demand in mainland China. Sales mainly come from imports from Japan via e-commerce for *Fruga*, *Jagabee*, *Jaga Pokkuru*, and other products, and we are working to increase sales through retail stores.

In Hong Kong, we have a top share in the snack market, with manufacturing and sales centered in potato chips and *Jagabee*.

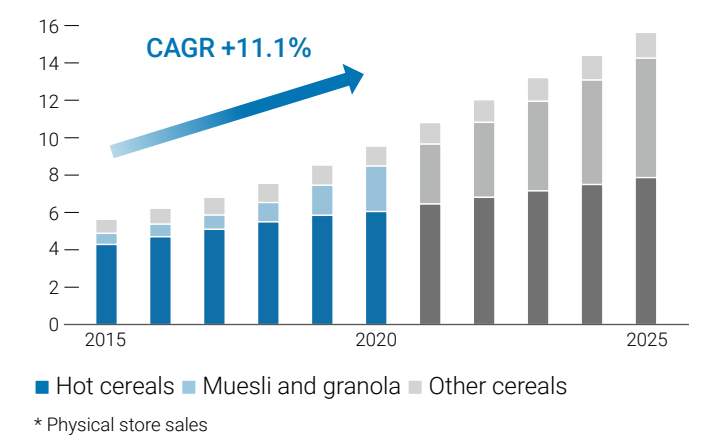
**Chinese snack market growth**  
(10 billion yuan)



**Net sales**  
(Millions of yen)



**Chinese cereal market growth**  
(Billion yuan)



## Ventures into Overseas Business

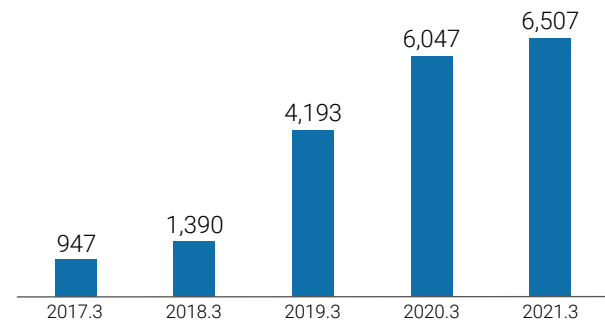
### United Kingdom

We launched business in the United Kingdom in 2015, starting with the manufacture and sale of healthy bean-based snacks. In October 2018, we added the popular Seabrook brand of potato chips to our product lineup after acquiring UK-based potato chip manufacturer Seabrook Crisps Limited.



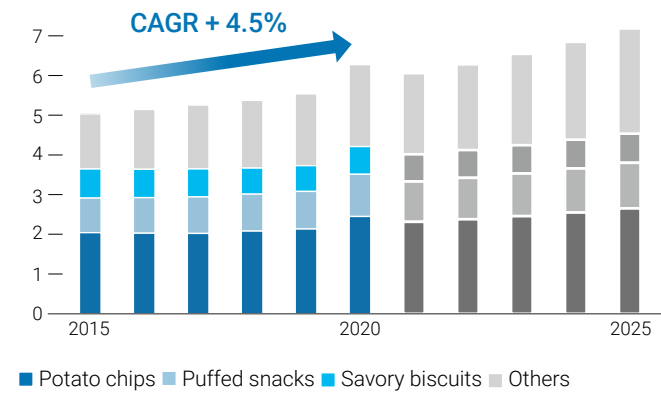
#### Net sales

(Millions of yen)



#### United Kingdom snack market growth

(Billion pounds sterling)



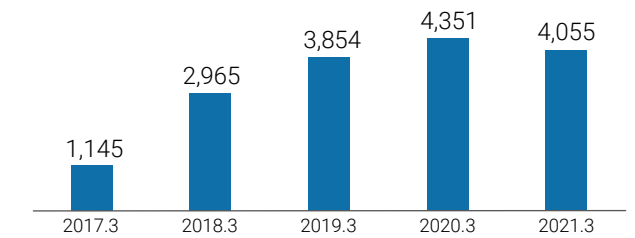
### Indonesia

Business in Indonesia was launched as a joint venture with Wings, a leading Indonesian food manufacturer, in 2016. We manufacture and sell a wide variety of products, with a lineup of snacks that include *Potabee* and *Japtota* potato chips, *Krisbee French Fries* flour-based snacks, and *Krisbee Krunchy* corn-based snacks.



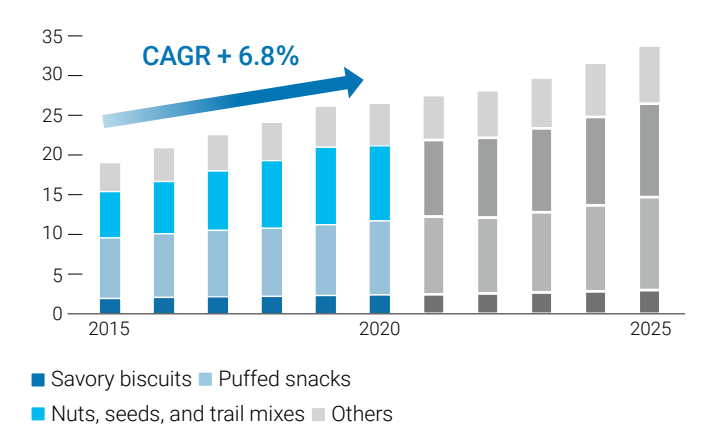
#### Net sales

(Millions of yen)



#### Indonesian snack market growth

(Billion Indonesian rupiah)



## Global production sites (12 locations overseas)



## Other Areas



Other than these four key regions, we also conduct business in the Asia and Oceania regions, namely South Korea, Thailand, Singapore, and Australia. Our business in South Korea is mainly focused on the manufacture and sale of *Honey Butter Chip* potato chips and *Jagabee*. In Thailand, we manufacture and sell snacks for the Thai market as well as export *Harvest Snaps* for the Australian market. Thus, we are working to strengthen our global supply chain utilizing our production sites in Asia.

Market and brand share source: Euromonitor 2020

Snack: Savory snacks (nuts, seeds, and trail mixes, salty snacks, savory biscuits, popcorn, pretzels, other savory snacks)

Cereal: Breakfast cereals (hot cereals, rte cereals) 2021–2025: Forecast





# Ventures into New Food Domains

## Aiming to establish new businesses in new food categories beyond the boundaries of existing businesses



**Makoto Ehara**  
Executive Vice President, Calbee, Inc.

### Q What is the significance of the Calbee Group's goal of setting up businesses in new food categories?

Japan is facing a shrinking population due to its declining birthrate and aging population, and we expect that demand for snack foods, our main products, will not grow significantly in the medium to long term. One of the initiatives we are taking to transform our revenue-generating structure that is heavily reliant on our existing operations is the establishment of businesses in new food categories. As consumer needs diversify against a backdrop that includes greater health consciousness and a desire for more convenience, we are embarking on ventures in new food areas while sticking to our corporate philosophy of "harnessing nature's gifts." Specifically, we are taking two approaches. Firstly, we are "expanding our strengths," by which I mean we are utilizing the raw material procurement capabilities and natural ingredient processing technology we have developed in our existing businesses. Secondly, we are "exploring new enterprises" based on new ideas in areas that have the potential to grow significantly in the future. Through these approaches, we are aiming to establish businesses that will lead to further growth of the Calbee Group.

### Q What has been your progress so far?

As part of our "expanding our strengths" approach, we began our sweet potato business with the purchase of Potato Kaitsuka Ltd., in April 2020. Since this category has a high

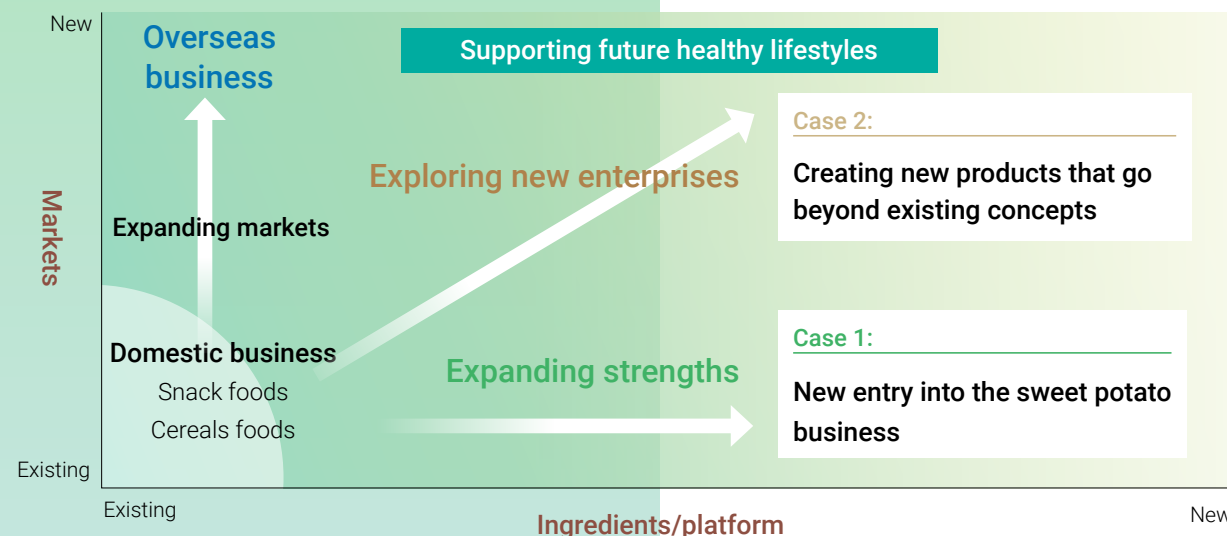
degree of synergy with our potato business, various synergistic effects are beginning to appear in our value chain, such as raw material procurement and product development. In the medium to long term, we aim to expand the sweet potato business to become a third revenue-generating pillar after our snack and cereal businesses. In "exploring new enterprises" we are only in the initial stages, but last year we launched two products developed to meet consumer needs. These were *Nyumin* (a functional food that supports sleep) and Lunch Gummy (a soft candy designed to refresh after meals).

### Q What are your challenges and future prospects?

As part of the expansion of our strengths, we are also exploring new ingredients following on sweet potatoes. We are targeting ingredients that are versatile and can be processed to produce a wide variety of products. For example, we believe that there are many possibilities for beans (rich in protein and highly versatile).

Looking at our internal systems, I believe that we need to push ahead with the development of new products that address consumer needs, set up sales units for new products, establish distribution flows according to each product's characteristics, and invest in marketing.

We are also considering collaboration with various external parties as well as M&A in fields where the Calbee Group's strengths can be leveraged for speedy business development. Through these initiatives, we will establish businesses in new food categories that will go beyond the boundaries of our existing business.



## The Direction of New Business Creation

We are approaching the challenge of entering the market of new food categories in two major ways. The first, "expanding our strengths," involves the use of natural ingredients unique to the Calbee Group, while the second, "exploring new enterprises" is aimed at contributing toward healthy living in the future.

One example of expanding our strengths is when we welcomed Potato Kaitsuka into the fold, marking our entry into the sweet potato business. In the future, we will look into the possibility of using beans and other new ingredients, with the goal of growing our new ingredients platform. At the same time, we are taking a heavily customer-oriented approach to exploring new businesses in the pursuit of new products instead of sticking to convention.

Harnessing power from within and outside the Calbee Group, we are taking on the task of creating new businesses that will shape the future of the Calbee Group.



## Ventures into New Food Domains

### Case 1: New entry into the sweet potato business

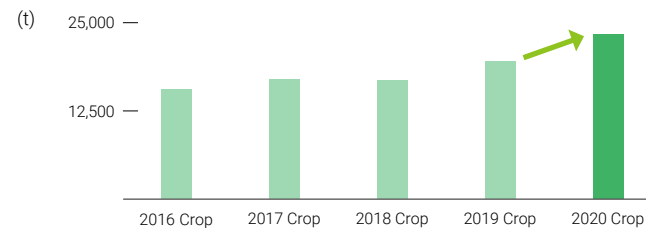


Leveraging Calbee's strengths and expanding into a new food domain: the sweet potato business

#### ■ Growing demand for sweet potatoes

In recent years, the demand for sweet potatoes has risen due to growing interest in sweet potato varieties with high sugar content and the introduction of baked sweet potatoes at retail shops. Against the backdrop of this growing demand, Potato Kaitsuka is purchasing an increasing quantity of sweet potatoes. In 2020, it bought even more by utilizing the output of farmers contracted to grow potatoes for the Calbee Group. Looking ahead, our expansion into overseas markets and our greater number of directly-managed businesses means that we can expect further growth in sales.

#### Amount of Potato Kaitsuka Sweet Potatoes Purchased



#### Focus

##### Potato Kaitsuka

Potato Kaitsuka Ltd. was established in 1967 as a wholesaler specializing in sweet potatoes. Today, based mainly on their original brand of sweet potato, Beni-Tenshi, they sell raw materials for baked sweet potatoes to retailers. Potato Kaitsuka is Japan's leading private company in terms of the annual volume of sweet potatoes it handles for fruit and vegetable retailers. In addition to its B-to-B business for retail chains, it also sells via directly managed stores and through e-commerce.



#### ■ Curing storage is Potato Kaitsuka's strength

Potato Kaitsuka's greatest strength is its curing storage for maintaining the quality of sweet potatoes after they are harvested. Storing the sweet potatoes at a constant temperature and humidity for an extended period encourages natural recovery (curing) from harvesting damage. This curing storage enables the sweet potatoes to reach a significantly higher sugar content of up to 47 degrees Brix\*, and they can be stored this way for up to a year.

\* Degrees Brix: Used in the food industry as a unit of measurement of sugar content



Original brand *Beni-Tenshi*

#### ▶ *Tenshi no Kakeru Tenshi no Kakeru* ("Heavenly Bites"), a product created through synergies with the Calbee Group

*Tenshi no Kakeru* is a healthy, natural snack that retains the natural sweetness of *Beni-Tenshi* sweet potatoes that have been cured at a low temperature. The product is finished in a plain flavor using Calbee's vacuum frying processing technology.



### Case 2: Creating new products that go beyond existing concepts



Helping to achieve future healthy lifestyles based on an overwhelmingly customer-oriented approach

#### ■ Planning and developing new products in collaboration with our supporters

The Calbee Future Labo is an organization that searches for businesses that can help achieve future healthy lifestyles. It takes a different approach to product development based on an overwhelming customer focus. The most important feature is co-creation with supporters, who are consumers from a wide range of ages, from teens to septuagenarians, comprising students, housewives, office workers, etc. Through exhaustive interviews, it establishes themes and works on product development to solve people's daily issues. Through collaboration with its supporters, Calbee Future Labo continuously takes on challenges to provide solutions to consumer issues through food and to create unique products.



A tasting party with supporters

#### Focus

##### Pursuing customer needs and the development of Nyumin, a functional food that people want to eat

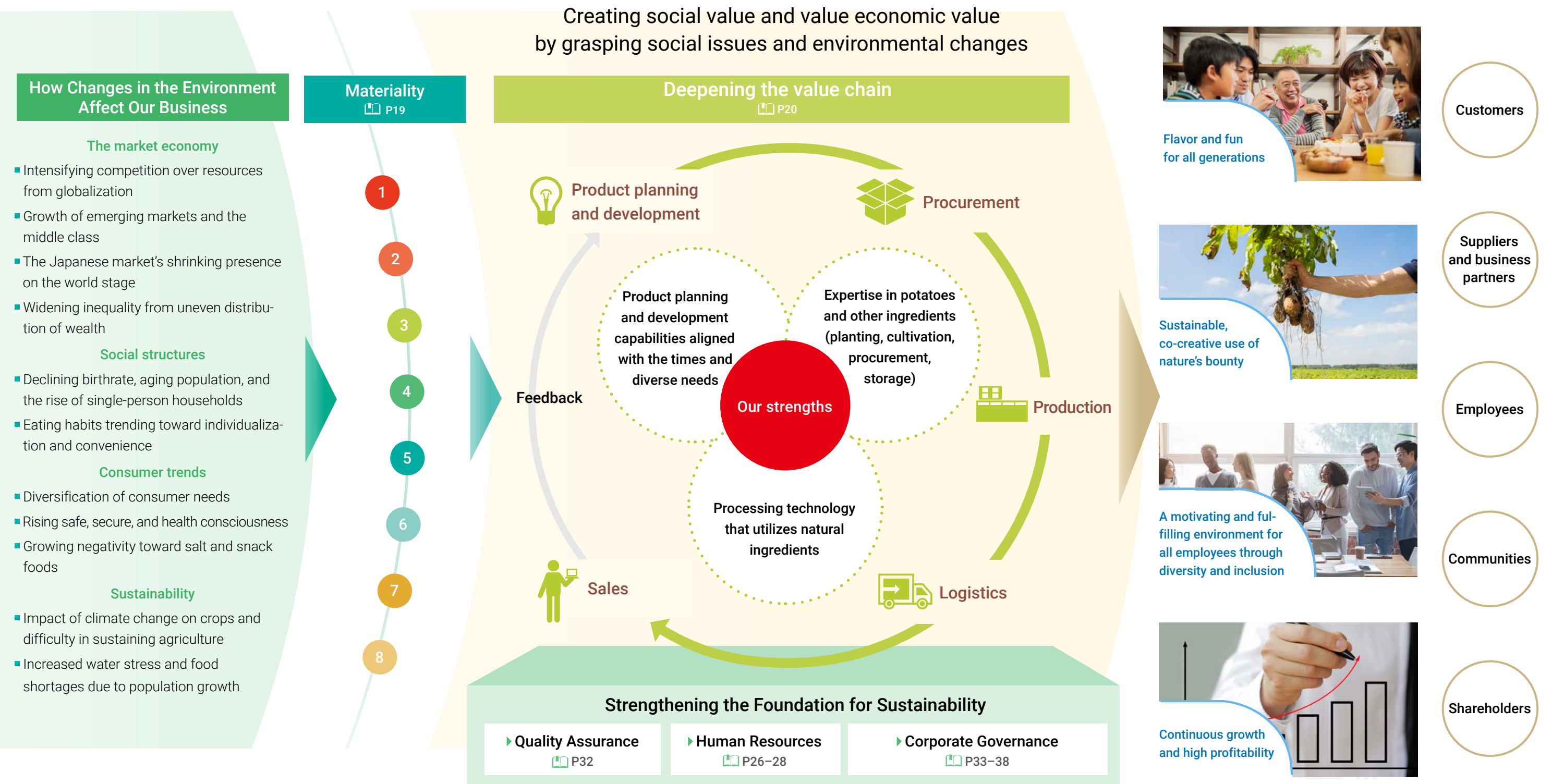
Given that many people today have trouble sleeping, the Calbee Group began sales of its first functional food *Nyumin* in November 2020. *Nyumin* is an edible film that melts quickly in the mouth. It contains crocetin, a naturally occurring ingredient that enhances sleep quality (depth of sleep) and relieves drowsiness and fatigue when you wake up. Since *Nyumin* does not require water to ingest, it helps relieve anxiety about needing to use the bathroom in the night. *Nyumin* was completed after two and a half years of development through a process of experimentation and co-creation with supporters and partner companies to achieve a product that not only improves sleep quality, but is also flavored to make people want to eat it.





# 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.



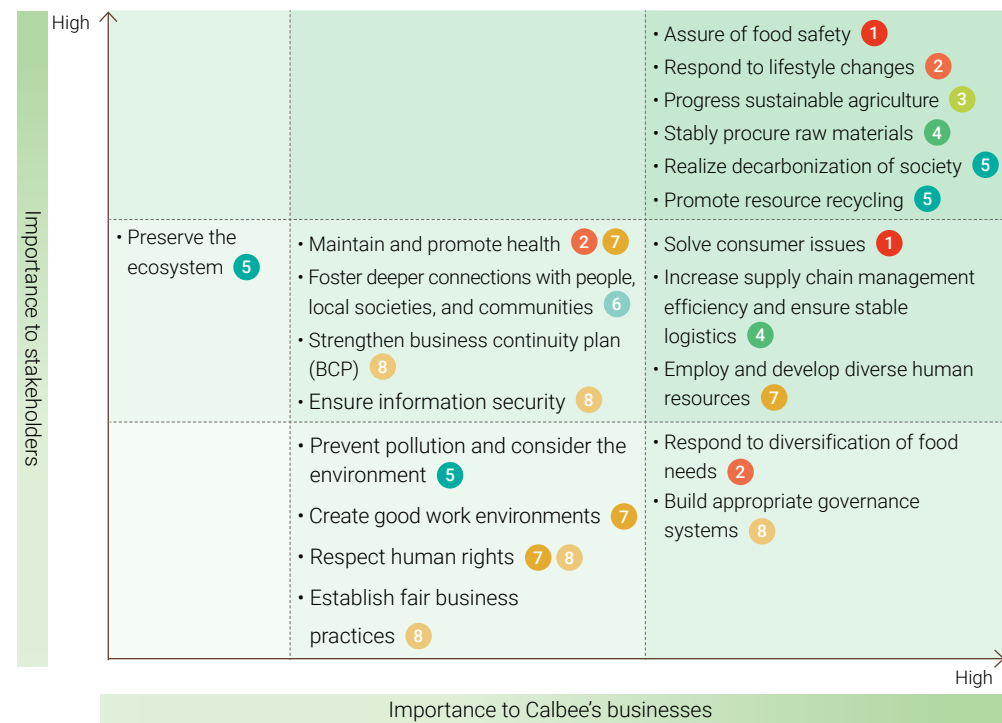
# Materiality

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.

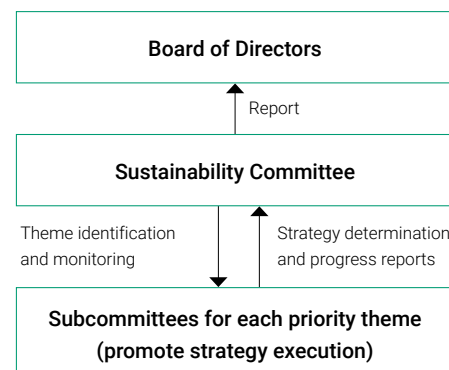
🌐 <https://www.calbee.co.jp/sustainability/en/materiality.php>

## 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

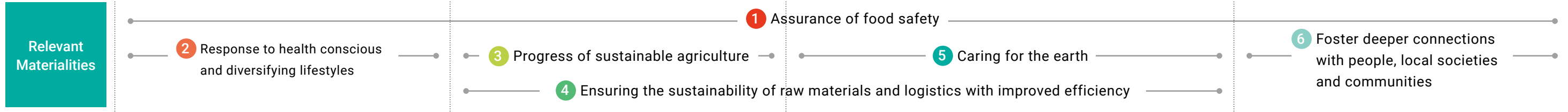
Category	Materiality	Priority themes and major measures	Targets (KPIs)	Results for the fiscal year ended March 31, 2021	Correspondence with the SDGs
Contributions through products	<b>1 Assurance of food safety</b> ▶ Relevant information on page P32	Prevention of safety and quality incidents Initiatives for monitoring security Product improvements reflecting customer feedback	—		3, 12
	<b>2 Response to health-conscious and diversifying lifestyles</b> ▶ 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 <b>20%</b> (Compared with FY2019/3) Sales ratio of protein-rich products*2 <b>10%</b>	▶ <b>5.4% reduction</b> ▶ <b>4.8%</b>	2, 3
Contributions through the supply chain	<b>3 Progress of sustainable agriculture</b> ▶ 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 <b>400,000 tons</b> (up 20% compared with FY2019/3)	▶ <b>342,000 tons</b>	2, 8, 12
	<b>4 Ensuring the sustainability of raw materials and logistics with improved efficiency</b> ▶ 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 <b>100%</b> 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	<b>5 Caring for the earth</b> ▶ 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 <b>30%</b> reduction (compared with FY2019/3)	▶ <b>0.6% increase</b> 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 <b>20% reduction</b> (compared with FY2019/3) CY2030 Total water consumption <b>10% reduction</b> (compared with FY2019/3) Total waste generated <b>10% reduction</b> (compared with FY2019/3)	▶ <b>74% increase</b> ▶ <b>6.5% increase</b> ▶ <b>4.3% reduction</b>	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 <b>use 50%</b> CY2050 Environmentally considerate material <b>use 100%</b>	▶ Capital participation in R Plus Japan, Ltd.	
Establishment of management base	<b>6 Foster deeper connections with people, local societies, and communities</b> ▶ 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 <b>400,000</b> (5 years cumulative)	▶ <b>Number of participants</b> (since 2020) <b>107,714</b>	8, 12
		<b>7 Promote active roles for all employees based on diversity</b> ▶ Relevant information on page P26–28	Promotion of diversity and inclusion Strengthening of human resource development Workstyle transformation	FY2024/3 Ratio of female managers <b>Over 30%</b> Ratio of male employees taking childcare leave <b>100%</b> Rate of employment of people with disabilities <b>2.5%</b>	▶ <b>21.8%</b> (April 2021) ▶ <b>26.5%</b> ▶ <b>2.58%</b>
Establishment of management base	<b>8 Enhance corporate governance</b> ▶ 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

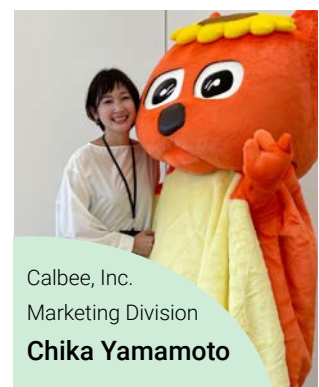


# Deepening the Value Chain



<p><b>Relevant Materialities</b></p>	<p>2 Response to health conscious and diversifying lifestyles</p>	<p>3 Progress of sustainable agriculture</p> <p>4 Ensuring the sustainability of raw materials and logistics with improved efficiency</p>	<p>1 Assurance of food safety</p> <p>5 Caring for the earth</p>	<p>6 Foster deeper connections with people, local societies and communities</p>
<p><b>Cultivated Strengths</b></p>	<ul style="list-style-type: none"> <li>Multiple product brands with sales in excess of ¥10 billion</li> <li>R&amp;D system that integrates the entire process from raw material development to commercialization</li> <li>Research and initiatives to reduce acrylamide to ensure consumer safety and security</li> </ul>	<ul style="list-style-type: none"> <li>Development and breeding of new pest-resistant potato varieties</li> <li>Cultivation and harvesting support based on advanced cultivation technology</li> <li>Strong relationships with domestic contract farmers built by fieldmen (specialists in potatoes)</li> <li>Potato storage management using the largest storage facilities in Japan</li> </ul>	<p><b>Production</b></p> <ul style="list-style-type: none"> <li>Processing technologies for creating products that appeal to the senses (sight, sound, smell, and taste)</li> <li>Processing and seasoning technologies that create product variation</li> <li>Processing technologies tailored to a variety of natural and seasonal ingredients</li> <li>Processing technologies for using whole natural ingredients</li> </ul> <p><b>Logistics</b></p> <ul style="list-style-type: none"> <li>Logistics systems that consider productivity including loading efficiency and workload reduction</li> <li>Logistics systems optimized for business partners through proposal-based distribution</li> <li>Precise distribution systems for delivering the freshest possible products</li> </ul>	<ul style="list-style-type: none"> <li>Strong sales floor influence based on position as market leader</li> <li>Initiatives to create innovative distribution systems</li> <li>Labeling to ensure that products reach consumers while fresh (extending expiration dates and switching to year/month labeling)</li> </ul>

<p><b>Key Initiatives in the Medium-term Business Plan</b></p>	<p>01 Existing domestic businesses: Create new value and realize high profit</p> <p>Reform snack business</p> <p>Enhance cereal business</p>	<p>05 Co-creation with society: Achieve a sustainable society</p> <p>Strengthen partnerships with producers</p>	<p>01 Existing domestic businesses: Create new value and realize high profit</p> <p>Strengthen business base</p> <p>05 Co-creation with society: Achieve a sustainable society</p> <p>Advance sustainable supply chain initiatives</p>	<p>01 Existing domestic businesses: Create new value and realize high profit</p> <p>Strengthen business base</p>
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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**

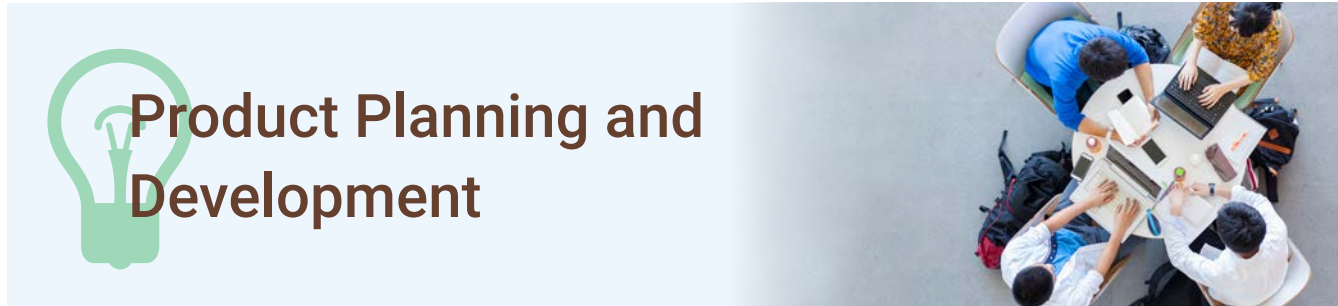
The key factor when it comes to the stable production of safe and secure products and the delivery of these products to customers is the conscientiousness of employees working at production sites. While automated production methods may increase efficiency, it takes the power of people to catch the small 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.

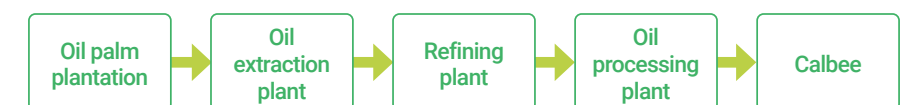
The Calbee Group uses palm oil as cooking oil, primarily for the frying process, and procures approximately 40,000 tons per year in Japan. To promote responsible procurement, the Calbee Group started purchasing certificated credits that are equivalent to the amount of palm oil used by its domestic factories 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.



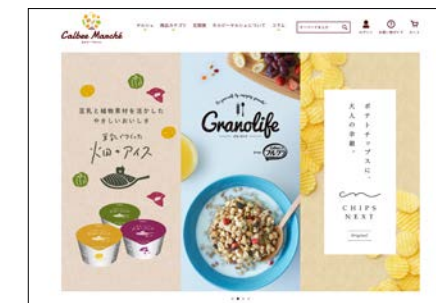
■ **Promoting new partnership adapting a changing business environment**

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)

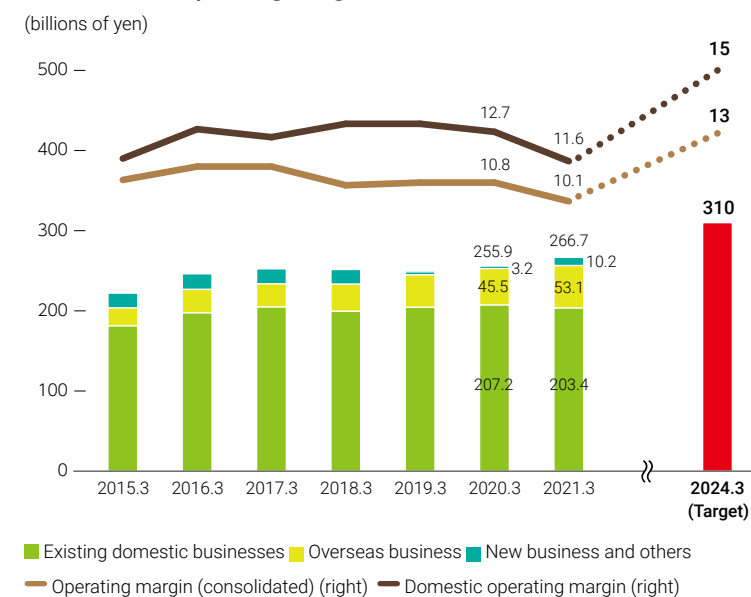
#### Financial Indices

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

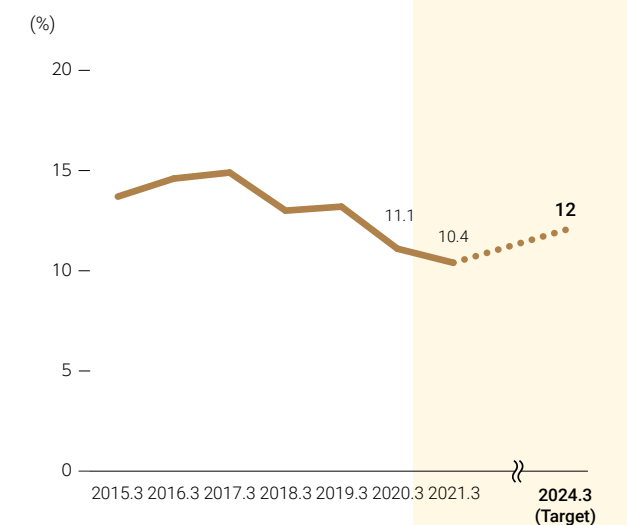
#### Non-Financial Indices

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

#### 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?**

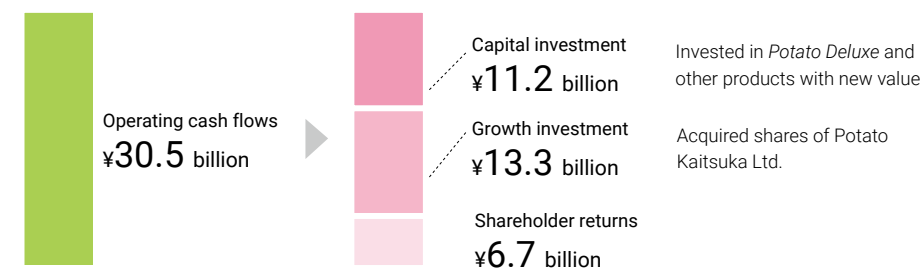
Based on the concept of business selection and concentration, we have so far withdrawn from the bakery business and the business of producing and selling promotional materials, and have also liquidated overseas subsidiaries in Spain, the Philippines, Taiwan, and other places. This is emblematic of the 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?**

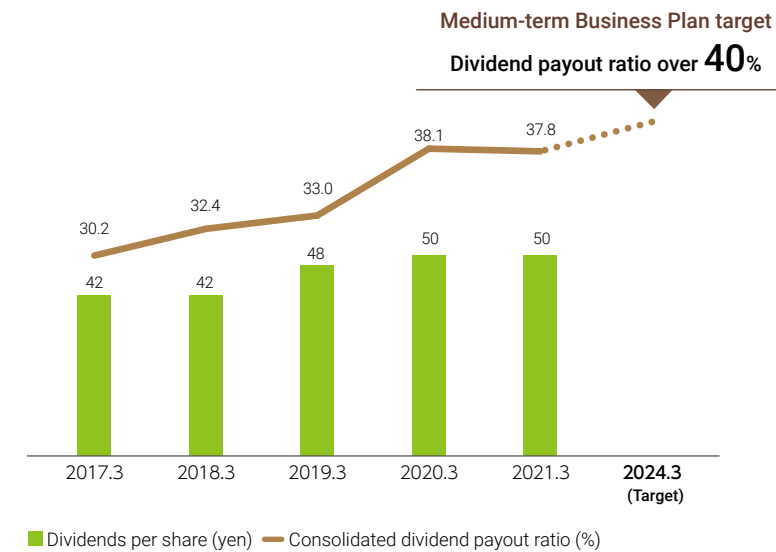
In existing domestic business, we have set an operating margin target of 15% to "create new value and realize high profit." As indicators to monitor progress toward this target, we have set "expansion of ratio of high value-added products," "reduction of cost ratio through automation of production processes," 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**



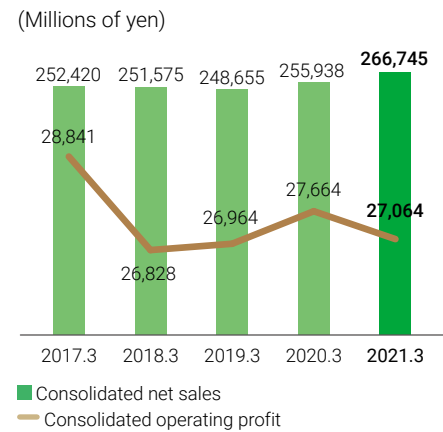
# Financial and Non-Financial Highlights

**Consolidated net sales and Consolidated operating profit**  
Consolidated net sales

**¥266,745 million**

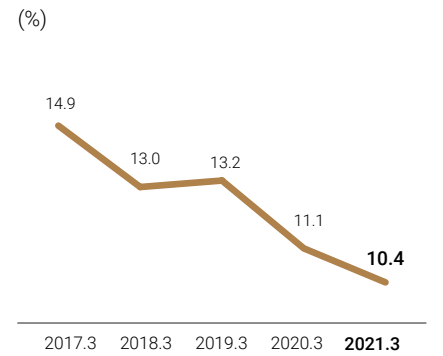
Consolidated operating profit

**¥27,064 million**



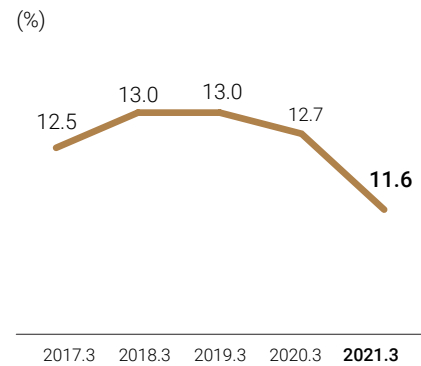
**ROE**

**10.4%**



**Domestic operating margin**

**11.6%**

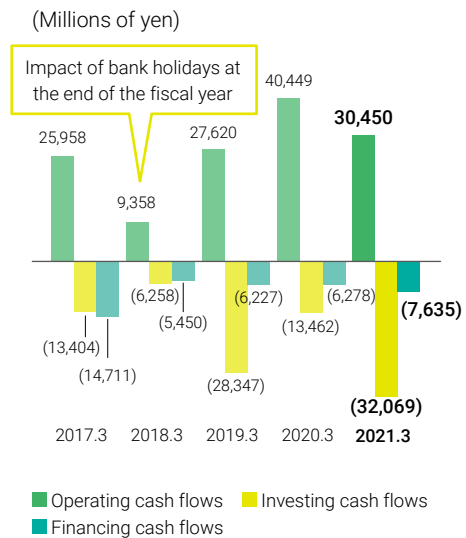


**Cash flows**

Operating CF **¥30,450 million**

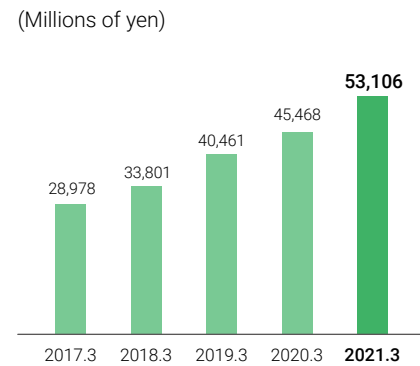
Investing CF **¥(32,069) million**

Financing CF **¥(7,635) million**



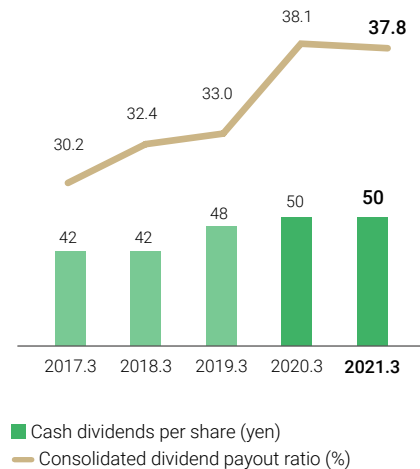
**Overseas sales**

**¥53,106 million**



**Consolidated dividend payout ratio**

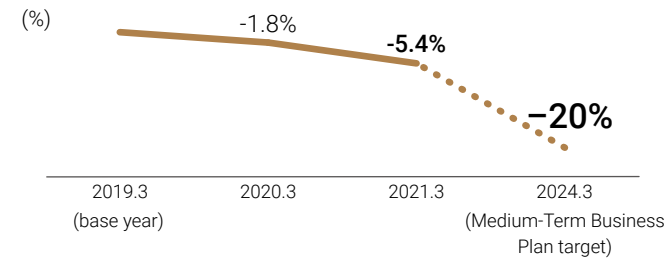
**37.8%**



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

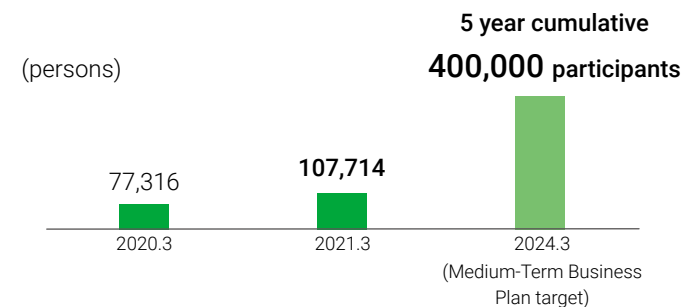
**Salt equivalent in products\*1 (compared with FY 2019.3)**

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



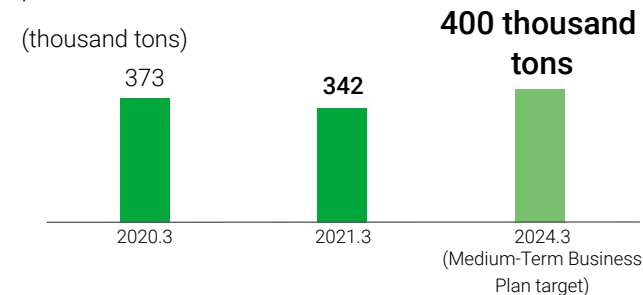
**Food communications\*3 (accumulated number since FY2019.3)**

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



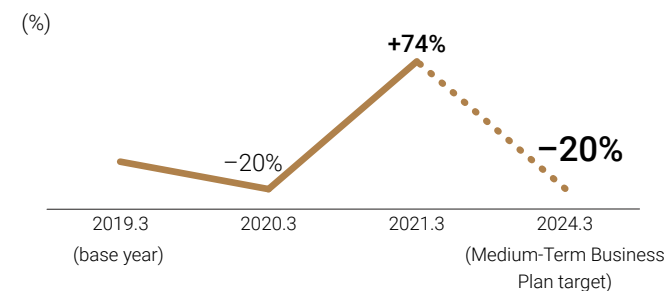
**Domestic procurement volume of potatoes (per year)**

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



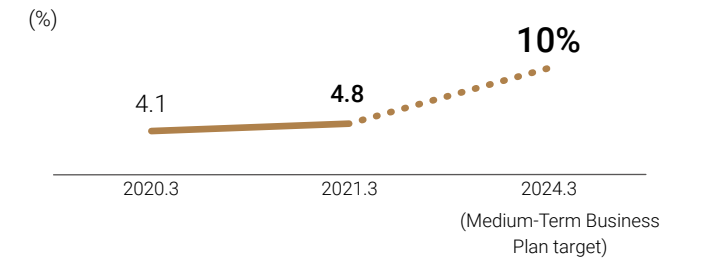
**Product food loss (compared with FY 2019.3)**

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



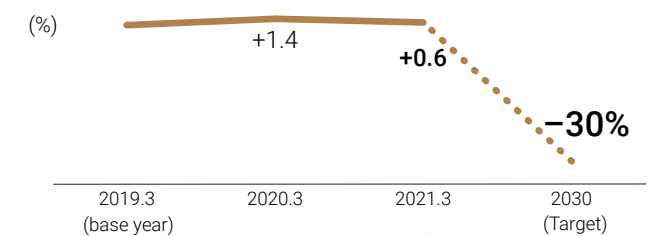
**Protein-rich product\*2 sales ratio**

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



**Greenhouse gas emissions (compared with FY 2019.3)**

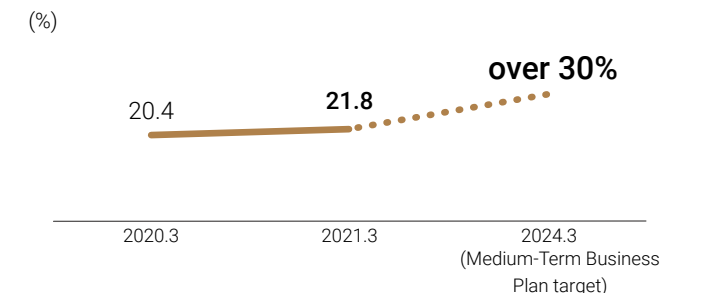
We are working to reduce greenhouse gas emissions toward realizing a decarbonized society.



**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



## Human Resources

We recognize that our employees are our most important asset in the transformation of our business toward making Next Calbee a reality. We are encouraging the training of employees so that each and every one of them is capable of acting independently, recognizing the needs of our customers and society, and solving problems.



**Masako Takeda**  
Managing Executive Officer  
CHRO (Chief Human  
Resource Officer) and  
General Manager of Human  
Resources of General  
Affairs Division, Calbee, Inc.

### Promoting active roles for all employees and training strategic human resources will make Next Calbee a reality

To realize commitments of all employees toward their own performances, we are encouraging both “diversity and inclusion” and “empathy-based management for ongoing evolution of organization and human resources” so that we can become a professional group sharing a high degree of openness and ability to find common ground.

The Calbee New Workstyle that we are promoting to transform our processes and improve the quality of work, has brought about major changes in employee awareness and behavior. We have also set out the “Calbee 5 Values” (Self-motivation, Altruism, Dialogue, Curiosity and Boldness) as the qualities we want in our employees. We encourage our employees to take on the challenges of creating medium- to long-term innovation without excessively focusing on short-term results.

In our investment in and development of strategic human resources, we are emphasizing the education of the next generation of business leaders, employees who can work anywhere in the world, and digital natives. For example, graduates of our program to train the next generation of business leaders have achieved success in departments in charge of new businesses. Moreover, through interdepartmental job rotation and having people take on challenging assignments, we are raising levels of intrapersonal diversity. In our Work Challenge program where employees can volunteer to work in the department of their choice, almost 100 participated in 2021. Of these people, around 40% ended up transferring to the department they had selected. We are also actively promoting mid-career recruitment to incorporate external perspectives into our organization.

In the Calbee Group’s human resources strategy, the most important thing is to encourage all employees to have a strong sense of ownership and to think and act with their own minds while respecting our corporate philosophy, values, and culture. In the past year, our way of working has changed greatly, but we feel that the “one-on-one” approach—which offers opportunities for dialogue between staff members and managers—has also been successful, and each employee has become more active, improving employee engagement. We will further increase the number of our employees who are capable of taking on new challenges on their own, toward the realization of Next Calbee.





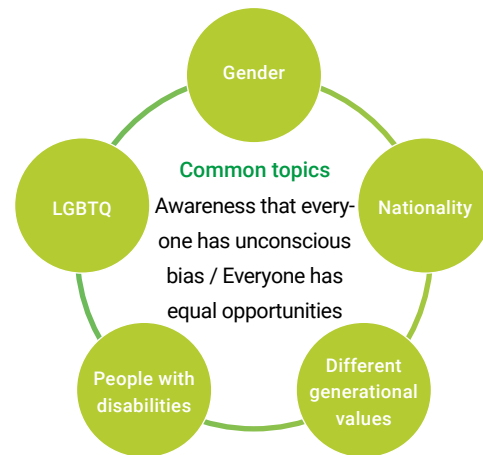
## Human Resources

### Human Resource Development and an Organization that Promotes Active Participation of All Employees

Calbee engages in diversity management that allows a variety of human resources to demonstrate their unique abilities and produce results for their organization and company.

#### Promoting Diversity and Inclusion

The D&I and Smart Work Promotion Office, located at the Company's head office, works with employees appointed by each business entity to conduct activities that will promote diversity management. These are steps toward an organization that shares the common topic. The topic is that everyone has equal opportunities, while bringing awareness that everyone has unconscious bias.



A group of professionals who share a free, open, and highly cooperative mindset

Maximum synergies through diversity and by respecting individuals

Empathy-based management for ongoing evolution of organization and human resources

Workstyle transformation to improve work quality

Calbee 5 Values



Health management for the benefit of the mind, body, and organization

#### Encouraging Employee Autonomy on a One-on-One Basis

We promote employee autonomy on a one-on-one basis through dialogues between employees and managers, which allows both parties to understand and empathize with each other's value and experience.



Management training for one-on-one interactions

#### Head Office Remodeling

As part of Calbee New Workstyle, an initiative that started in July 2020, we have been working to achieve further growth by making remote working the standard for office workers and improving the quality and speed of operational execution. In September 2021, we remodeled our head office to serve as a communication space to drive new value creation for promoting relationships in our group and with customers, and for education and discussion.



The remodeled head office

We want to develop certain values in employees that we have dubbed the "Calbee 5 Values." These values are "Self-motivation," "Altruism," "Dialogue," "Curiosity," and "Boldness." To realize "Next Calbee," our goal is to become a company where every single employee has autonomy and can use their respective strength to play an active role.

The "Calbee 5 Values" are for every human resource to pursue



#### 100% Rate for General Health Checks

Thanks to improvements to our health management system and efforts to assign personnel and industrial physicians to each region of operation, our health check rate was 100% in the fiscal year ended March 31, 2021.



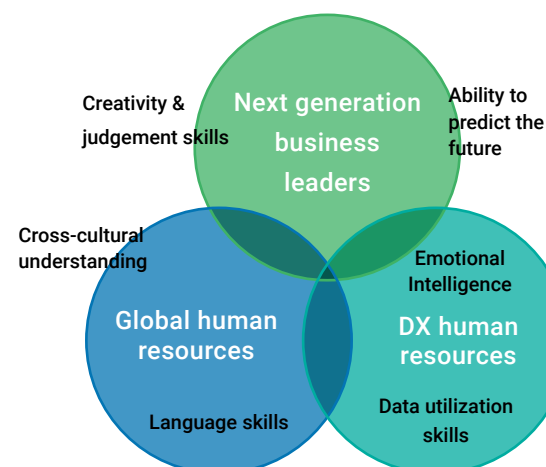
Certification as a Health & Productivity Management Organization in 2021

### Investment and Cultivation of Strategic Human Resources

We work to enhance investment and cultivation of next generation business leaders, and both global and DX human resources as a way to address the changing business environment and realize "Next Calbee".

#### Off-the-job training

Training and other avenues to build a mindset and acquire skills outside the workplace



#### Challenging assignments

Providing challenging experiences that trigger self-growth

#### Next-Generation Business Leader Training Program

We implement the Next-Generation Business Leader Training Program with the goal of training the next generation of growth drivers for the Calbee Group. The program utilizes two subprograms—"The Leadership Perspective" and "Acquiring Business Literacy"—with the goal of imparting the necessary mindset and skills for future leaders. In the second iteration of the program, which ran during the fiscal year ended March 2021, 20 employees participated, ranging from their 20s to 40s.



Participants make presentations to senior management



## Human Resources

### Future Roundtable: Challenges for Innovation

To realize the Next Calbee vision, it is essential to have people who are willing to challenge themselves through innovation in a free and open-minded culture. The New Business Development Department, established in April 2020, has been working to create new products and services without being bound by preconceived notions. We interviewed employees working there about their thoughts on innovation, and the corporate culture behind them.



New Business Development Department

General Manager of the New Business Development Division (Executive Officer)

Junya Nakamura | Maki Fujii | Chika Saeki | Yasuhiko Kenmoku

### Creating new value by focusing on social issues, prioritizing the entrepreneurial mindset

**Kenmoku** The business themes that we work on at the New Business Development Department are decided by staff rather than in a top-down manner. They are encouraged to conceive of new project ideas that tackle social issues they are interested in. We do it this way because I believe that what is most important for the launch of a new business project is the enthusiasm of the individuals who push it forward. There are no restrictions on business themes as long as they do not deviate too much from Calbee's corporate philosophy. By doing so, we are creating a foothold for new businesses in the Calbee Group, and at the same time, staff members can grow their entrepreneurial mindset.

**Saeki** I have realized many things since I started working to create new business. I assumed that the current department was a completely different world from the Quality Assurance Division where I used to work and that I would not be able to utilize my past experience. But then as I progressed, I realized that they were actually very similar: first, I need to listen to customers think about what they need, and then work to provide it. From that point on, I am able to leverage my experience and confidently propose business plans.



**Junya Nakamura**

Joined Calbee after researching crop science and analytical chemistry at university and receiving a PhD. He joined the New Business Development Department after attending a training program for next-generation business leaders.

**Nakamura** As I have more contact with customers, I am reminded of the importance of standing alongside them and their issues. My motivation is that I want people with food allergies to be able to experience the "taste" and "fun" that the Calbee Group offers without hindrance.

**Fujii** Shortly after we started planning a new project, I presented a business plan related to food loss, but received some tough feedback from my colleagues that the plan did not address our customers' issues and concerns. Sometimes, it's difficult for us to make objective judgments on our own, so I am grateful for the suggestions from my colleagues, especially those with backgrounds different from my own, that help to broaden my perspective.

### Creating the Calbee of the future with the passion of each employee

**Kenmoku** If we want to create new business that contributes to society, I think first and foremost it is important that we have passion and are excited about our work. What are your plans for the future?

**Fujii** In the future, I would like to see the businesses we have launched grow and develop new products and services that will beyond the

**Maki Fujii**

After gaining experience in launching new business projects and marketing in her previous role, she was attracted to Calbee's philosophy of "contributing to people's health through food" and joined the company.



boundaries of the Calbee Group's businesses. I will keep being curious about everything I encounter and continue searching for the seeds of new products and services wherever I can.

**Saeki** When I have opportunities to talk with external partners and other people outside the Company, I get the impression that Calbee is loved by many people. In order to continue to meet their expectations, I want to keep thinking about what kind of company Calbee should be for its customers and what kind of new value we should provide.

**Nakamura** I want to continue to provide the world with products that contribute to health 10 or 20 years hence, while keeping our founder's philosophy in mind. I will continue to ask myself what I can do to achieve this goal and aim to develop new products.

**Kenmoku** At the New Business Development Division, employees are free to come up with their own ideas for social issues and present them as business plans with their colleagues' support. This allows the creation of new businesses, but it also helps employees grow into future business leaders. I hope that we can continue working hard together and open up a new future for the Calbee Group.

**Chika Saeki**

After joining Calbee, she gained many years of experience in the Quality Assurance Department, where she formulated factory rules and checked package descriptions from the perspective of product safety. She joined the New Business Development Department to take on new challenges.



**Yasuhiko Kenmoku**

After serving as General Manager of the Research & Development Department, he launched the Future Creation Office (currently the New Business Development Division) in 2019.



# Global Environment

Business activities of the Calbee Group are supported by natural materials cultivated by the earth. We are hard at work to maintain a rich natural environment and for the sake of business activities with efforts that include reducing greenhouse gas emissions, food loss, and water consumption, and promoting plastic resources circulation. Going forward, we will continue to work with stakeholders responsible for the procurement of raw materials, logistics, and distribution in order to realize a decarbonized and recycling-oriented society.

## Reducing Greenhouse Gas Emissions

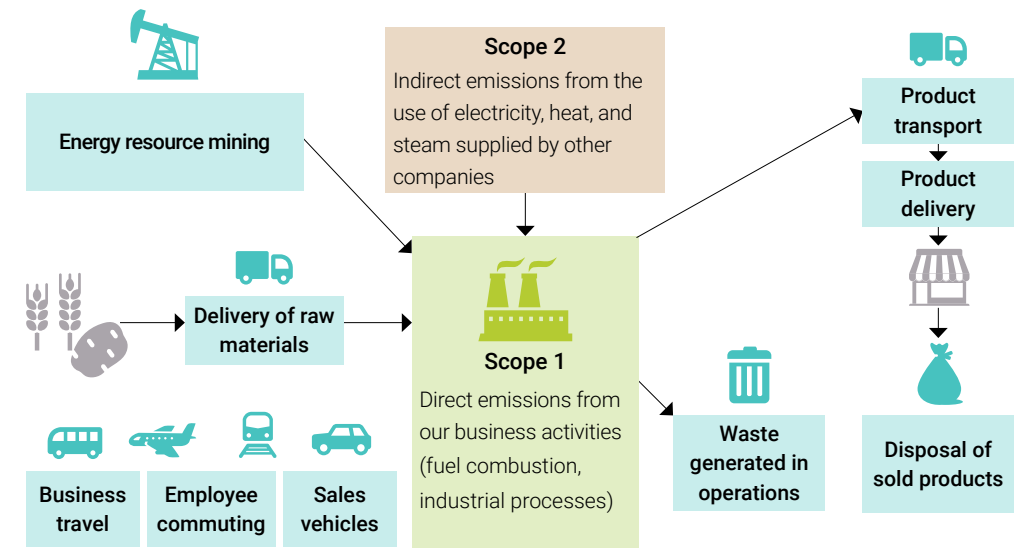
We consider climate change and related issues an important part of showing consideration for the global environment; therefore, we have set a long-term goal for 2030 to reduce total greenhouse gas emissions by 30% compared with fiscal year ended March 31, 2019, levels. Our efforts to reduce greenhouse gases throughout the supply chain include improving energy efficiency and introducing renewable energy.

### ▶ Expanding Introduction of Renewable Energy for Electricity Use

In March 2020, we switched to carbon offset electricity at five worksites in the Kanto region under the J-Credit Scheme\*. Since then, we have introduced electricity derived from renewable energy sources sequentially at Hokkaido Factory in April 2020, Kagoshima Factory in February 2021, and Kyoto Factory, Konan Factory, and Kakamigahara Factory in April 2021.

\* A scheme under which the Government of Japan certifies as credits the amount of greenhouse gas emissions reduced through efforts to introduce energy saving equipment and utilize renewable energy, as well as the amount of such emissions removed through appropriate forest management.

### Areas of the Supply Chain Used in Greenhouse Gas Emission Calculations



Scope 3 Indirect emissions other than of Scope 1 and 2

Note: The scope of calculations covers categories related to Calbee's business activities.

## Initiatives to Replace and Reduce Plastic Packages

### ▶ Setting Targets Toward Realizing a Sustainable Society

In September 2020, we set targets to promote plastic resources circulation. By greatly reducing the amount of packages that use plastics derived from fossil fuels and promoting the switch to environmentally friendly materials, we are working to resolve issues such as ocean plastics, fossil fuel depletion, and reducing CO<sub>2</sub> emissions across the entire life cycle of manufactured plastic.

#### Targets for Promoting Plastic Resources Circulation

- Reduce the number of plastic package derived from oil by 2030, and promote packages made from environmentally friendly materials to 50% by 2030
- Complete full switch to 100% environmentally friendly materials by 2050

### ▶ Capital Participation in R Plus Japan, Ltd., Aimed at Acquiring Recycled Plastics in the Future

In February 2021, we invested in joint venture company R Plus Japan, Ltd. The company is working with Anellotech, Inc., to develop technology for efficient recycling of plastics with low environmental impact, and is collaborating with companies involved in collecting, sorting, and processing plastic toward practical application of this technology. This technology is notable in that it involves decomposing PET bottles and other plastics into their basic chemicals, which reduces greenhouse gas emissions and energy requirements when compared with conventional methods. Moreover, this technology is expected to facilitate the effective and increased recycling of used plastics.

### ▶ Switching to Environmentally Friendly Packaging Materials

We are taking steps to switch to environmentally friendly packaging for a portion of our products as a means to reduce environmental impact based on our targets for promoting plastic resource recycling. We are switching to biomass-derived PET and biomass ink for a portion of our product packaging in addition to a gradual shift toward FSC®-certified cardboard for product shipping.



Biomass mark and FSC® certification mark featured on package labeling (FSC®N 003322)



Standing packages made from biomass-derived PET plastic



Flexible packaging utilizing biomass ink



## Global Environment

### Disclosure Based on the TCFD Framework



We at the Calbee Group recognize that climate change is an important issue that impacts the sustainable growth of our business. Therefore, we are going forward with analyzing climate change scenarios under the following framework, based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which we endorsed in February 2020.

### Governance

We consider issues related to climate change as important to the sustainability of business activities, and have therefore conducted an investigation into climate change scenarios. This project was spearheaded by the President & CEO of the Company, with members from the Corporate Planning Department and the Sustainability Promotion Office, and other members related to the value chain. Based on this investigation, we have identified major risks and opportunities that have been reported to the Board of Directors after deliberation by the Management Council. Countermeasures of the resulting list of risks and opportunities are reflected in our medium- to long term management strategies.

### Risk Management

We conduct a thorough evaluation of risk levels, based on the impact of a potential risk on business and the frequency of occurrence, working from the understanding that climate change bears a major impact on business succession. When the evaluation identifies a major risk, the Ethics and Risk Management Advisory Board confirms the validity of this assessment. After these procedures, the Ethics and Risk Management Committee, chaired by the President & CEO, prepares a description of the major risk to be reported to the Board of Directors, along with countermeasures.



### Strategy and Scenario Analysis

When identifying medium- to long-term risks and opportunities presented by climate change, we looked at two scenarios put forth by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA)—the 4°C scenario, in which the earth's average temperature rises by 4°C or higher, and the 2°C scenario, in which the earth's rising temperature is kept within 2°C, in line with the Paris Agreement. Both of these scenarios were analyzed and organized in terms of the impact of regulations of greenhouse gas emissions, the effect on the procurement of potatoes and production which are a key material for the Company.

The analysis concluded that in the 2°C scenario there would be major impacts in the form of direct damage to factories and raw materials production areas due to intensifying natural disasters, and in terms of consumer behavior due to increasing environmental awareness.

Similarly, the analysis of the 4°C scenario predicted intensifying natural disasters would cause damage to factories and raw materials production areas, and also brought to light the major impact that insufficient hours of sunlight would have on potato yields.

In response to these analysis, we are working to reduce our own greenhouse gas emissions, promote conversion and development of potato varieties, and decentralize our production areas. We also believe that addressing ethical consumption and developing products that utilize sustainable materials will create opportunities for the Company. We will continue to review these risks and opportunities, take concrete steps to implement measures, and reflect these risks and opportunities in our medium- to long-term management strategies. In doing so, we will strive to conduct business activities capable of social co-creation.

### Indicators and Targets

#### Indicators

To limit greenhouse gas emissions, we have set a goal to reduce emissions 30% by 2030 compared with fiscal year ended March 31, 2019, levels. We have also set a goal to achieve virtually zero Scope 1 and Scope 2 emissions by 2050.

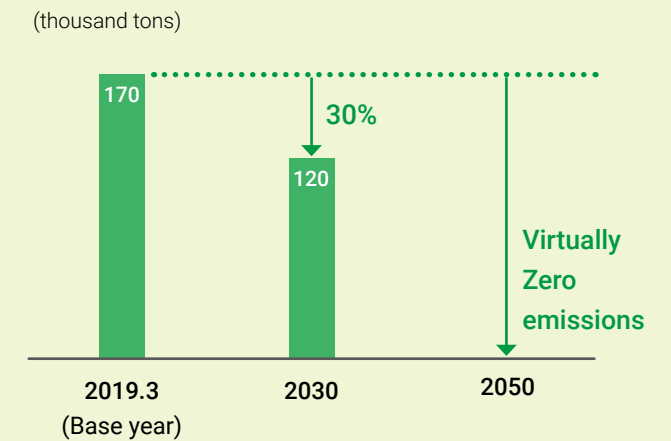
As further measures to avoid and mitigate the damage caused by climate change, we will promote the development of new varieties of potatoes adapted to the changing climate, and we will expand the amount of contracted area for potato production in Tohoku and central Hokkaido.

#### Targets

Register new varieties of potatoes adapted for climate change (three varieties by 2030)

Expand contracted area for potato production in Tohoku and central Hokkaido (area corresponding to 15,000 tons of potatoes, or 4.5% of potatoes procured domestically in fiscal year ended March 31, 2019, by 2030)

#### Targets for Total Scope 1 and Scope 2 Emissions



Note: Calbee, Inc., and Obihiro Factory of Calbee Potato, Inc.

### Risks and Opportunities Based on Climate Change Scenarios

Classification	Risk	Impact on Business	Degree of Impact*1	Period*2	Risk Countermeasures	Opportunities
Transition Risks	Increase in carbon pricing	The introduction of a carbon tax will increase the cost of factory operations and raw materials	Low	Medium term	<ul style="list-style-type: none"> <li>Utilize renewable energy</li> <li>Utilize methanation (the process of producing methane gas from hydrogen and carbon dioxide and converting it to fuel)</li> <li>Make efforts to develop environmentally friendly products and acquire product certifications</li> <li>Promote recycling</li> <li>Switch to non-petroleum derived plastics</li> </ul>	<ul style="list-style-type: none"> <li>Development of products to address ethical consumption</li> <li>Conversion to packages that utilize environmentally friendly materials</li> <li>Development and conversion to potato varieties that can respond to climate change</li> </ul>
	Changes in customer behavior due to increasing environmental awareness	Climate change will increase consumption of environmentally friendly products	Medium	Medium term		
	Regulations on petroleum-derived plastics	Regulations on petroleum-derived plastics will lead to an increase in packaging material prices. Customers will increasingly opt for products that utilize biomass plastics as their environmental awareness grows	Medium	Medium term		
Physical Risks	Impact of rising average temperatures on the cultivation of raw materials	Rising temperatures will reduce the relative weight of potatoes	Low	Medium term	<ul style="list-style-type: none"> <li>Develop and convert to new potato varieties</li> <li>Establish new cultivation techniques</li> <li>Decentralize production areas</li> <li>Secure import routes for potatoes produced overseas</li> <li>Formulate BCP with protocols for abnormal weather</li> <li>Decentralize production sites for major products</li> <li>Utilize hazard maps as a basis for factory construction</li> <li>Establish supply system from overseas factories</li> </ul>	<ul style="list-style-type: none"> <li>Utilization of agricultural labor-saving techniques to ensure and expand the procurement of raw materials</li> <li>Discovery of sustainable raw materials and development of products that utilize them</li> <li>Development of foods with a long shelf life</li> </ul>
	Chronic: Changing precipitation and weather patterns	Changing precipitation and weather patterns will reduce the number of hours of sunlight, resulting in poor potato growth and lower yields	High	Medium term		
	Acute: Increased frequency of abnormal weather (Heavy rains, typhoons, flooding, etc.)	Violent weather will cause damage to potato fields during harvest season, damage to factories, and halt distribution, which will result in lower procurement, production, and supply	High	Short term		

\*1 (Operating profit) High: ¥5.0 billion and higher; Medium: ¥2.0 billion to ¥5.0 billion; Low: ¥2.0 billion and lower

\*2 Short term: 2024; Medium term: Approx. 2030

# Community

As a food manufacturer, the Calbee Group is committed to strengthening its connection to stakeholders to maintain a rich natural environment and a productive society while also eliminating the unease people have toward their health. To resolve these social issues, we are focusing our efforts in three fields: the environment (nature's gifts), food (tasty and fun), and health. To contribute toward healthy living, we are also working to promote dialogues with people of all ages through "food communication," where we share ideas on the enjoyment of food, accurate food-related knowledge, and environmental issues.

## Fostering Coexistence with Local Communities through Social Contribution Activities Driven by Employee Participation

### Sustainable Water Resource Recycling through Forest Maintenance

In March 2021, Calbee entered into an agreement with the Konze Forestry Association for the maintenance of the Calbee/Shiga Konze Forest. The Konan Factory, the main participant in these activities from the Company side, benefits from the use of the ground-water in the area. By working on local forest maintenance, the Company aims to maintain and improve the forest's capacity of sustainable water reproduction.



Planting activities in Shiga Prefecture

### Donation of Playground Equipment to a Thailand Elementary School

At Thailand-based Calbee Tanawat Co., Ltd., we implement social contribution activities proposed by employees every year since 2010. In the fiscal year ended March 31, 2021, we donated playground equipment to Benjanran Elementary School in Yasothon Province, the former elementary school of one of the company's employees. Our hope is that this will contribute to nurturing the minds and bodies of local children.



Playground equipment donated to a Thai elementary school

## Enhancing Food Communication

### Countrywide Expansion of New Food Education Program

Since 2003, the Calbee Group has held "Calbee Snack School," which is aimed at instilling good eating habits in children. In 2020 we also launched the "Asa-Hello-Shiyo! School (Let's make your own morning)" to tackle the issue of children skipping breakfast, a growing problem in recent years. After expanding the program countrywide in the fiscal year ended March 31, 2021, its first year of operation, we will continue enhancing the program going forward.



Food education program Asa-Hello-Shiyo! School (Let's make your own morning)

### Launch of Online Factory Tours

Due to the spread of COVID-19, we launched online tours of Hokkaido Factory and Kiyohara Factory, starting from November 2020. We currently offer online tours at Hiroshima Factory in addition to these two. The tours have been well received by participants for their exclusive online experience, which include live broadcasts by factory employees showing processes that cannot be seen during typical factory tours. We have also updated the tour reservation system in order to improve efficiency.



Online tour conducted via tablet

### Commercializing Elementary Student Ideas

We have held our Confectionery Contest since 2011. In this contest, we gather confectionery ideas from elementary school students around our production site in Utsunomiya City in Tochigi Prefecture and our development team turns these ideas into real confectionery. For the 10th iteration of the contest in the fiscal year ended March 31, 2021, we commercialized the top entry from the previous year's contest, which received 1,032 submissions under the theme of a "healthy vegetable-based confectionery." The *COROCORO VEGETABLE* was released in limited quantities for direct sales on our antenna stores and official online shop.



A "healthy vegetable-based confectionery" designed by an elementary school student



# Quality Assurance

We believe that offering safe and secure products is one of our most important social responsibilities. We conduct thorough quality management in compliance with FSSC 22000—the international standard for food safety management systems—to strengthen our systems for quality assurance across the entire supply chain, from production areas to customers. We intend to work to keep providing the products that will build trust and provide customer satisfaction. Accordingly, we always appreciate feedback, use customer suggestions to improve the products, and keep customers informed of our response to ensure that they will keep coming back.

## Priority Themes and Major Measures Based on Materiality

Please refer to our corporate website to see details on our quality assurance policies and initiatives. <https://www.calbee.co.jp/sustainability/en/food-safety/>

### Prevention and monitoring for safety and quality

- Inspect and confirm design of product standards
- Audit procurement of raw materials and production processes
- Conduct quality inspection of manufacturing processes
- Work in compliance with international standard FSSC 22000
- Create mechanism to prevent mistakes related to raw material usage
- Strengthen global quality assurance system



### Initiatives for food security

- Disclose and manage food allergy information
- Set usage standards and labeling policies for genetically modified foods
- Implement measures to reduce acrylamide
- Establish trace back and trace forward systems supported by IT
- Disclose information, starting from potato production and procurement details to details regarding the factories



Allergen information made available on Corporate website

### Cultivation of employees

- Hold study sessions for leaders regarding raw materials and product standards and other topics
- Conduct career training (training for the next generation of quality assurance leaders)

### Activities to spread awareness and gather information

- Conduct in-company activities to increase safety (AAO activities)
- Conduct information gathering and dissemination

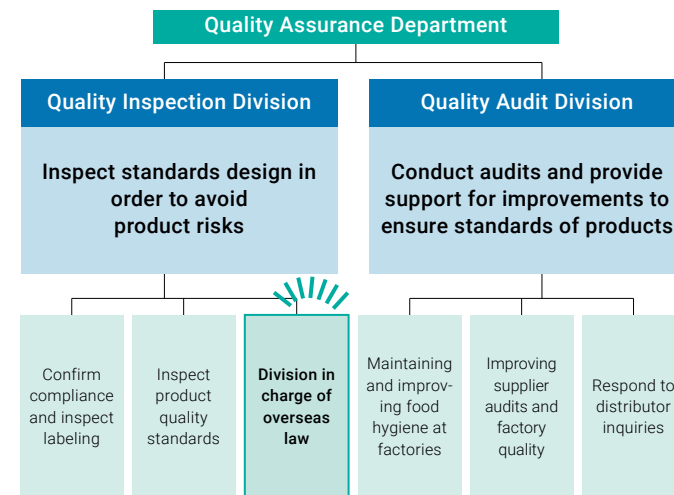
### Product improvements based on customer feedback

- Utilize customer feedback to improve products, providing assurance and convenience

## Strengthen Global Quality Assurance System

### Establishment of a Division in Charge of Overseas Law

In April 2020, we established a division directly under the Quality Assurance Division in charge of overseas law in an effort to strengthen ties among Group companies overseas. In April 2021, we changed the layout of the Quality Inspection Division, establishing a products measure follow-up system to ensure that we follow the different rules of each country and region as they relate to import and export regulations, package labeling obligations, and other relevant matters.



### Remote Audits

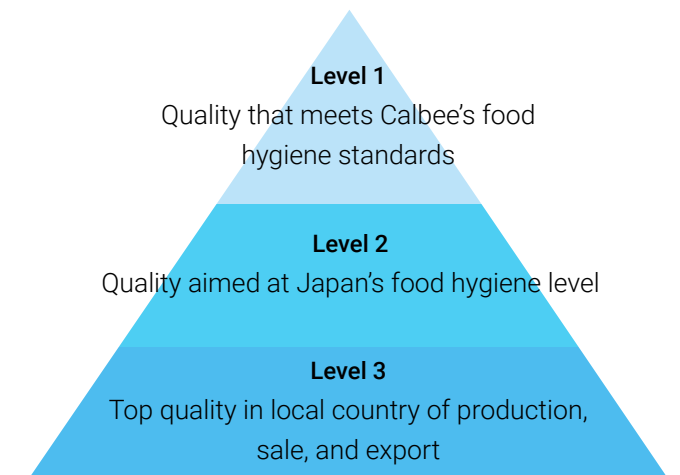
Due to the restrictions on movement as a result of COVID-19, remote audits were conducted in the fiscal year ended March 31, 2021, at three overseas factories using IT instead of conventional in-person audits. The unique nature of the remote audits allowed us to utilize the eyes of multiple auditors.



Remote audits

### Standardizing Quality at Overseas Group Companies

The Calbee Group has established its own quality standards in order to deliver high-quality products to customers, including those overseas. We have set staged targets for quality in accordance with manufacturing conditions in each country and region. We conduct regular audits from Japan and provide guidance to ensure that products ultimately achieve Level 1 quality, meaning that they would be fit to be sold under the Calbee brand in Japan.



### Focus Providing Product Development Support for MY POTE at Overseas Group Companies

In February 2021, Calbee North America, LLC released MY POTE brand potato chips manufactured in the U.S. The product was developed with the collaboration of local employees and the Quality Assurance Division in Japan, from its design to the manufacturing audit. During the development period, detailed support and multiple online audits allowed us to achieve high product quality.



## Corporate Governance

# A Three-Way Conversation with the CEO and Outside Directors

### Outside Directors on Next Calbee

Outside directors Takahisa Takahara and Yoshihiko Miyauchi and President & CEO Shuji Ito had a conversation about the future of the Calbee Group, its managerial direction for the medium to long term, and the effectiveness of governance toward realizing the goals involved.



I would like to draw from my managerial experience to support the executive team as the Calbee Group heads toward the future.

**Takahisa Takahara** Outside director of the Company

President & CEO of Unicharm Corporation  
Appointed as outside director in 2015



I expect Calbee to broaden its horizons, challenge itself in new food categories, and grow as a global food manufacturer.

**Yoshihiko Miyauchi** Outside director of the Company

Senior Chairman, of ORIX Corporation  
Appointed as outside director in 2017



I would like us to be bold in our efforts toward our vision and medium- to long-term strategy, closely monitored by outside directors.

**Shuji Ito** President & CEO of the Company

Appointed as President & COO in 2009  
Appointed as President & CEO in 2018

### Q To start, please tell us what duties you think an outside director needs to fulfill.

**Mr. Takahara** I believe that we should pursue a type of governance that suits the management style of Japanese companies, and that I need to fulfill my supervisory function over management properly as a matter of course, but I also have the belief that our role is to support the executive team and “create a positive future together.” Taking my own experience as a manager, and as someone involved in management within the same industry as Calbee—that is, the manufacturing industry—I would like to have a good understanding of the changes going on the business environment that surrounds the Calbee Group and have discussions that increase our knowledge of said changes.

**Mr. Miyauchi** The most important function of the Board of Directors is to serve as a check and balance by keeping an eye on the market to see whether the executive team is carrying out measures that will ensure medium- to long-term growth. If the executive team is doing their job right, you encourage them, but if they are not, you call them out on it. The executive team needs to look 10 years into the future and explain the direction they intend to take the Company. It is my job to monitor as they move in that direction.

**Mr. Ito** The Group started building up its governance in 2009, in preparation for becoming a listed company in 2011. Since then, we have built it into a system that increases transparency over management, establishing a Board of Directors with a majority of outside directors, and an Advisory Board, which has since been renamed as the

Nominating Committee/Compensation Committee, chaired by an outside director. Left to its own devices, the executive team could be liable to manage based solely on its own internal logic, so I want outside directors to supervise the team closely from the outsider perspective of a shareholder or stakeholder. As a member of the executive team, I would like us to become top players while under this strict supervision.

### Q What do you think makes an ideal Board of Directors from the viewpoint of effective governance? Also, what challenges are there when trying to achieve this ideal?

**Mr. Miyauchi** Over half of the members of Calbee’s Board of Directors are outside directors, putting the Company ahead of Japan’s requirements for corporate governance. On top of that, there are members with managerial experience in different industries, so I feel the system Calbee has in place raises effectiveness, not only in terms of its framework but also in terms of who is part of it. That said, there are still things to improve. The most important point of discussion for the Board is its medium- to long-term vision—its goals for the next 10 years and how it plans to achieve them. However, the current Board of Directors has a tendency to spend time fixated on projects and performance in the near future. I think that if the Board can put a greater emphasis on discussion regarding its medium- to long-term vision, it will become even more effective in the future.



## Corporate Governance

**Mr. Takahara** Each director actively voices his or her opinion and I find discussion to be quite lively, but the only measure that matters of whether a Board of Directors is functioning is whether it delivers results. Whether a Board of Directors is effective or not depends on whether it affects the Calbee Group's value system. What I mean by this is that we need to determine whether the thinking of executives and employees is changed by the Board's actions or not. However, effectiveness takes a long time to take effect. The Board of Directors is a platform to monitor changes in the Calbee Group's human resources, and I think that continuous monitoring will lead to sustainable growth of the Company.

**Mr. Ito** I experienced the previous iteration of the Board of Directors in 2009, which centered on internal directors. The board was essentially an entity positioned above the Management Council that heard the same items and made a decision on them. The ability of the Board to incorporate the perspective of all stakeholders and occasionally revise strategies is a major departure from the past. We are currently revising the agenda of Board meetings to devote more time to medium- to long-term growth and sustainability strategies, both of which are important topics for discussion. As you have both pointed out, an ideal Board of Directors is one that has serious discussions over the Company's vision and medium- to long-term strategies and monitors progress toward results, while including outside directors in these processes.

### Q What do you think will be important when it comes to expanding overseas business, one of the themes of Next Calbee?

**Mr. Takahara** When expanding overseas, I think it is difficult to apply the Japanese business model as is. As an example, the main raw materials for the Calbee Group, potatoes, are natural ingredients. This means the Group needs to devise a way to procure locally, making it necessary to recreate core competencies with technologies and ideas totally different from those in Japan.



In light of COVID-19, this three-way conversation was held via our web conferencing system

**Mr. Miyauchi** It is no exaggeration to say that success or failure overseas comes down to human resources. I believe it is important to find talented locals and then delegate authority. To acquire these kinds of human resources, it is also important to choose the most appropriate method out of several options—whether it's training young people or hiring suitable people from outside the Company.

### Q Please tell us about what points need to be discussed and what issues need to be addressed in terms of governance in order to realize the goals of Next Calbee.

**Mr. Takahara** We need to look at this issue in terms of the evolution of the "structure" and the "quality" of the Board of Directors. For structure, I think Calbee should consider transitioning to a system of a Company with Three Committees, which is a more advanced system of governance suitable for the global stage. This system should lead to transparent global management. As for quality, I would like the unique qualities of the Calbee Group to permeate the Board of Directors as well. To me, the Group is notable for its creativity and speed of execution. I would like the Company to build a governance system that draws from its value system of creating better products to facilitate creativity and speed of execution among the executive team and encourage the team to fulfill the promises it has made.

**Mr. Miyauchi** When governance is structured well, I think it fosters a desire to quickly transition the Company to its next stage. The executive team is currently thinking about the future and formulating a strategy, but I think that, as a company, Calbee needs to expand the scope of its business activities further. I expect Calbee to broaden its horizons, boldly challenge itself in new food categories, and grow as a global food manufacturer while maintaining its focus on potatoes.

**Mr. Takahara** Another important theme for discussion is succession plans. In addition to the CEO and CFO, it is crucial to think as a team about chief officers who play central roles in marketing, R&D, or other departments and make sure human resources are being developed to join the executive team. Based on the current management system, its degree of human resource growth, and changing employee demographics, I think it would be good for Calbee to look into this matter more while taking diversity and team strength into account.

**Mr. Ito** It's as you both say—overseas business, new businesses, and the human resources whom will be responsible for them are the cornerstones of future growth, and I believe that one of my greatest tasks right now is to create an environment where Calbee Group employees can take on forward-facing challenges toward the Group's next stage of growth, knowing that they are not bound by existing frameworks. I would like us to explore new business and take a bold approach in our efforts to ensure that we will not lose out to global competition. At the same time, I would like us to keep our DNA as a manufacturer close at heart. I would like the outside directors to act as the eyes of the market and monitor the challenges we take on in the future. I look forward to working with you both from now on.

## Corporate Governance

### Basic Policy on Corporate Governance

Calbee has a vision of being a company with the “respect, admiration and love, firstly of our customers, suppliers and distributors, secondly of our employees and their families, thirdly of the communities, and finally of our stockholders.” The reason for this vision is we believe that management that puts customers and business partners first will maximize profits for our shareholders. We believe that enhancing corporate governance is crucial to live up to the trust and expectations of all stakeholders and increase corporate value, and based on this frame of mind, we intend to increase the transparency of management while building up our internal control and compliance systems.

We have formulated Calbee’s Corporate Governance Code, which systematizes our basic policy on corporate governance.  
**Calbee’s Corporate Governance Code** [https://www.calbee.co.jp/en/ir/pdf/2016/governance\\_code.pdf](https://www.calbee.co.jp/en/ir/pdf/2016/governance_code.pdf)

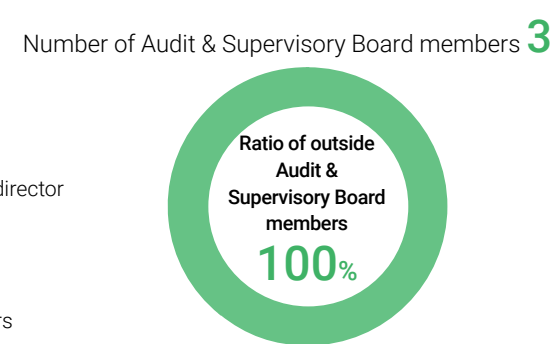
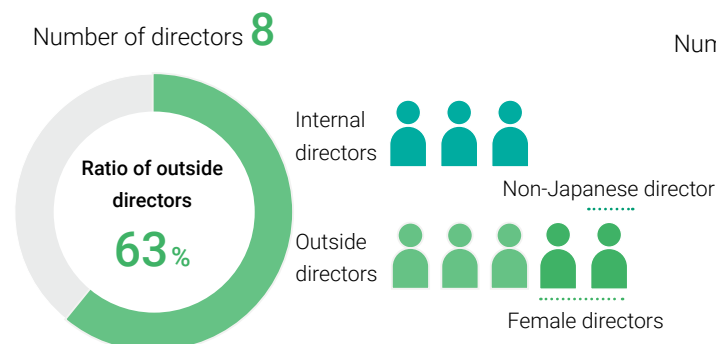
### Corporate Governance System

We recognize corporate governance as a management priority and have been working to strengthen and enhance our corporate governance system from an early stage. As such, we have adopted a corporate governance system that has functions of management oversight. It comprises the Board of Directors, which has a majority of outside directors, and the Audit & Supervisory Board members and Audit & Supervisory Board. We have introduced an executive officer

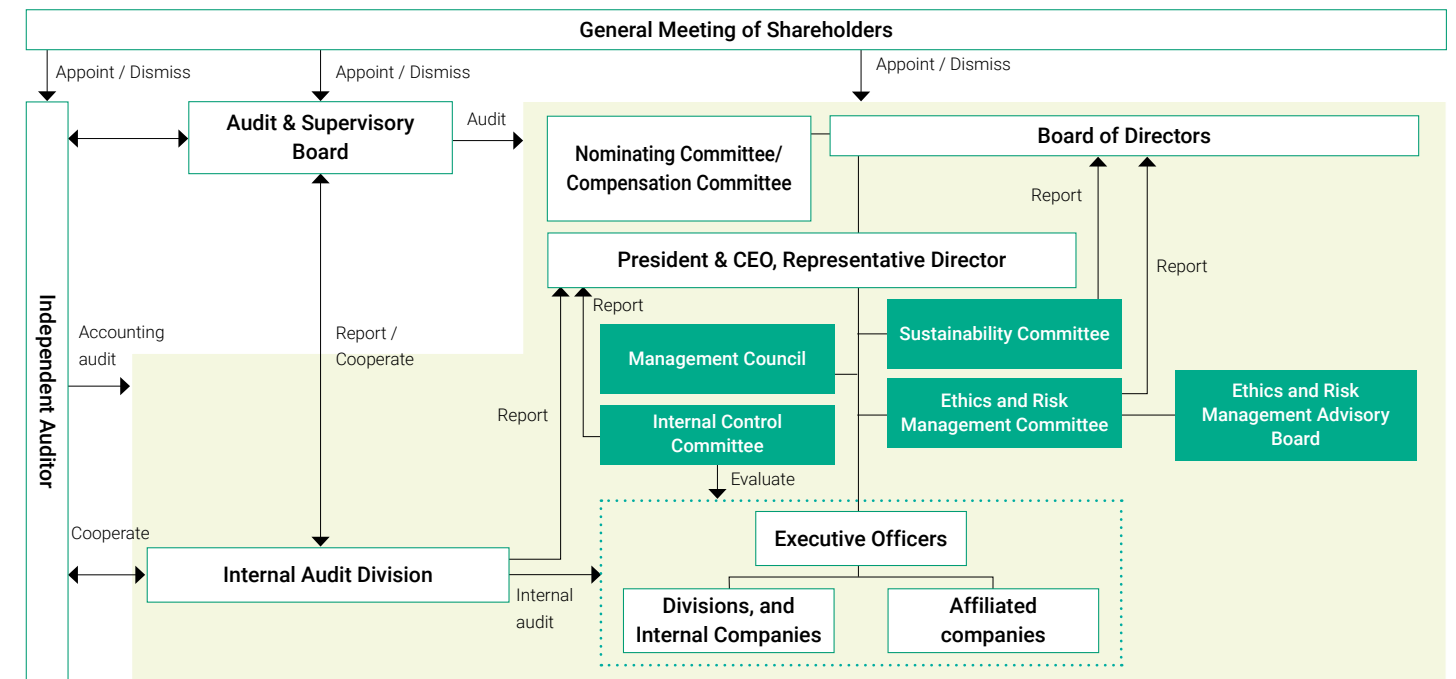
system to separate business execution and supervisory functions to improve management transparency, clarify management responsibilities, speed up decision-making, and strengthen the management oversight function. In addition, the Board of Directors and the executive officer system place importance on diversity in regard to the backgrounds and values of the members.

### Transition of Corporate Governance System Enhancement

	Purpose	Measures taken
2001	<b>Separation of supervision and business execution</b>	<ul style="list-style-type: none"> <li>Adopted an executive officer system</li> <li>Appointed outside directors</li> </ul>
2009	<b>Enhancement supervisory and monitoring functions</b> <b>Promotion of diversity of the Board of Directors</b>	<ul style="list-style-type: none"> <li>Reduced the number of internal directors from nine to two</li> <li>Increased the number of outside directors from two to five</li> <li>Appointed the first non-Japanese director</li> </ul>
2010	<b>Enhancement management transparency and soundness</b>	<ul style="list-style-type: none"> <li>Established the Advisory Board (currently the Nominating Committee/Compensation Committee)</li> </ul>
2014	<b>Clarification of management responsibility</b>	<ul style="list-style-type: none"> <li>Reduced director terms from two years to one year</li> </ul>
2019	<b>Strengthening of management structure</b>	<ul style="list-style-type: none"> <li>Increased the number of internal directors by two; the Board of Directors increased from six to eight</li> </ul>
	<b>Clarification of the function of committees</b>	<ul style="list-style-type: none"> <li>Changed the Advisory Board into the Nominating Committee/Compensation Committee, chaired by an outside director</li> </ul>



### Organization of Corporate Governance



### Corporate Governance System

Main items	Contents
Form of institutional design	Company with Audit and Supervisory Board
<b>Board of Directors</b>	
Term of office	1 year
Number of directors (of whom, outside directors)	8 (5)
Number of meetings of the Board of Directors (FY2021/3)	13
Board of Directors’ attendance ratio (all members)	99%

#### Board of Directors

The Board of Directors holds regular meetings once per month, in principle. The Board formulates and makes decisions regarding important management policies and strategies connected to sustainable growth and improving corporate value in addition to making decisions concerning statutory matters, and supervises business execution.

#### Nominating Committee/Compensation Committee

The Nominating Committee/Compensation Committee meets four times a year, in principle. It is a discretionary committee chaired by an outside director. The committee discusses the nomination and compensation of directors and Audit & Supervisory Board members.

#### Audit & Supervisory Board

The Audit & Supervisory Board consists of three outside Audit & Supervisory Board members. The Board ensures transparency and oversees and audits management.

#### Management Council

The Management Council meets once a month, in principle. Regular members consist of senior executive officers (including three directors) and the general manager of the Corporate Planning Department. The council verifies the current status of,

Main items	Contents
<b>Audit &amp; Supervisory Board members</b>	
Term of office	4 years
Number of Audit & Supervisory Board members (of whom, outside Audit & Supervisory Board members)	3 (3)
Number of meetings of Audit & Supervisory Board (FY2021/3)	15
Adoption of an executive officer system	Yes

and issues facing, business administration and conducts preliminary discussions on important matters.

#### Sustainability Committee

The committee, which includes outside experts, functions as an advisory body that determines the Calbee Group’s materiality, deliberates on priority themes, and manages the progress of initiatives.

#### Ethics and Risk Management Committee

The Ethics and Risk Management Committee is chaired by the president & CEO. The committee discusses, decides, and manages progress on issues and countermeasures related to promoting compliance and risk reduction.

#### Ethics and Risk Management Advisory Board

The Ethics and Risk Management Advisory Board includes an external expert. The Board discusses management risks and compliance issues, and then makes proposals to the CEO and the Ethics and Risk Management Committee.

#### Internal Control Committee

The Internal Control Committee evaluates the effectiveness of the construction and operation of internal control systems for financial reporting, and conducts self-assessments.



## Corporate Governance

### Policies and Processes for Appointing Directors and Audit & Supervisory Board Members

#### Policy

##### ► Composition of the Board of Directors

The Board of the Directors is composed of a majority of independent directors. We actively promote the Board's diversity by appointing members with differing personal histories, genders, and nationalities. In addition, we appoint a balanced combination of outside directors with backgrounds in many different areas of expertise, such as the food industry, general industry, academia, and journalism.

##### ► Policy on Appointing Outside Directors and Outside Audit & Supervisory Board members

In appointing outside directors or outside Audit & Supervisory Board members, we place importance on the following points and comprehensively consider whether or not they contribute to sound and efficient corporate management. Evaluations of the independence of directors and Audit & Supervisory Board members are conducted based on the standards established by the Tokyo Stock Exchange.

- Expectations for useful, objective, and fair advice and supervision based on a thorough knowledge and experience of corporate management, and a high level of knowledge in the food industry
- Expectations for useful, objective, and fair advice and supervision based on a high level of knowledge in the specific field

#### Processes

The nomination of outside directors is decided upon approval at the General Meeting of Shareholders after being reviewed by the Nominating Committee, which is a discretionary advisory committee, and recommended by the Board of Directors.

Regarding the nomination of candidates for outside Audit & Supervisory Board members, candidates must have a strong will to respond to the mission entrusted to them from the shareholders and a background in finance, accounting, and/or law. Candidates are recommended by the Board of Directors and approved by the Audit & Supervisory Board before being decided on at the General Meeting of Shareholders.

### Evaluation of the Effectiveness of the Board of Directors

To continuously improve the effectiveness of the Board of Directors, we conduct an annual evaluation of its effectiveness with the participation of all directors, including internal directors. Directors are interviewed and fill out a questionnaire pertaining to the effectiveness of Board meetings. Effectiveness is evaluated in terms of whether the Board of Directors is capable of decision-making that increases corporate value from the shareholders' perspective and whether the Board can fulfill its supervisory function over executive divisions. Results are then analyzed to further improve the functions of the Board of Directors.

The evaluation outline and results for the fiscal year ended March 31, 2021, are as follows.

Initiatives in the fiscal year ended March 31, 2021	<ul style="list-style-type: none"> <li>▪ Set agenda for new businesses and long-term strategy</li> <li>▪ Enhanced provision of information pertaining to strategies</li> </ul>
Evaluation process	<ul style="list-style-type: none"> <li>▪ Conduct questionnaires and interviews with all directors, including outside directors</li> <li>▪ Analyze the results of questionnaires and interviews and discuss issues and future initiatives</li> </ul>
Key questionnaire and interview items	<ul style="list-style-type: none"> <li>▪ Composition of the Board of Directors (scale, number of members, expertise, and diversity)</li> <li>▪ Operation of the Board of Directors (quality and amount of reporting materials, time allotments for deliberation, etc.)</li> <li>▪ Topics of discussion at Board meetings (content of agenda items for discussion)</li> <li>▪ Discussions at Board meetings (effectiveness)</li> </ul>
Evaluation results and recommended future efforts	<ul style="list-style-type: none"> <li>▪ The Board of Directors was evaluated to be functioning properly in terms of each of the agenda items listed above</li> <li>▪ The evaluation found two issues pertaining to the sustainable development of the Calbee Group and the generation of discussions at Board meetings:                             <ul style="list-style-type: none"> <li>• The Board of Directors needs to set discussion topics centered on strategies that will accelerate the promotion of new and overseas business to realize the Group's Long-term Vision and Medium-term Business Plan</li> <li>• The Board of Directors should continue looking into the institutional design of the Company to strengthen its governance system</li> </ul> </li> </ul>

### Executive Remuneration

To enhance management transparency, remuneration paid to directors goes through a process of discussion by the Compensation Committee, resolution by the Board of Directors, and approval at the General Meeting of Shareholders. Remuneration for senior executive officers goes through a process of discussion by the Compensation Committee and then resolution by the Board of Directors.

The remuneration of the Company's directors and senior executive officers comprises 1) basic remuneration (fixed remuneration), 2) bonuses, 3) performance-based stock

compensation, and 4) retirement bonus. Approximately half of the remuneration is performance-based to promote medium- to long-term growth in addition to continued and improved performance every fiscal year, and to connect remuneration to shareholder interests.

Audit & Supervisory Board members receive fixed remuneration only to increase their supervisory functions conducted from an independent perspective. Similarly, outside directors are also limited to fixed remuneration only, as they are in positions independent from business execution.

	Approximately 50%		Approximately 50%	
	Fixed remuneration		Performance-based remuneration	
	1) Basic remuneration	2) Bonuses	3) Performance-based stock compensation	4) Retirement bonus
<b>Position</b>	Compensation for executive duties	Short-term incentive linked to results during the fiscal year	Medium- to long-term incentive linked to results during the fiscal year	Medium- to long-term incentive linked to results during the period of appointment
<b>Recipients</b>	Directors Audit & Supervisory Board members Senior executive officers	Directors (excl. outside directors) Senior executive officers	Directors (excl. outside directors) Senior executive officers	Directors (excl. outside directors) Full-time Audit & Supervisory Board members* Senior executive officers
<b>Payment form</b>	Cash	Cash	Shares	Cash
<b>Evaluation indicators</b>	—	Consolidated net sales Consolidated operating profit Profit attributable to owners of parent Individual management assignments	Consolidated net sales Consolidated operating profit Profit attributable to owners of parent	Based on each year's bonus
<b>Payment method</b>	Monthly payment of fixed amount according to position	<ul style="list-style-type: none"> <li>▪ Yearly payment of bonuses according to position and achievement rate after the approval at the General Meeting of Shareholders based on the deliberation at Compensation Committee</li> </ul>	<ul style="list-style-type: none"> <li>▪ Maximum of 1% of target for profit attributable to owners of parent each fiscal year</li> <li>▪ Points assigned to each position are adjusted based on the status of achievement on evaluation indicators and allocated to recipients</li> <li>▪ Shares are awarded upon retirement based on the cumulative number of points and within the range set at the General Meeting of Shareholders</li> </ul>	Aggregated at one half of the annual bonus amount approved at the General Meeting of Shareholders and paid in one lump sum upon retirement

\* New aggregations of this bonus have been stopped.

## Corporate Governance

### Risk Management

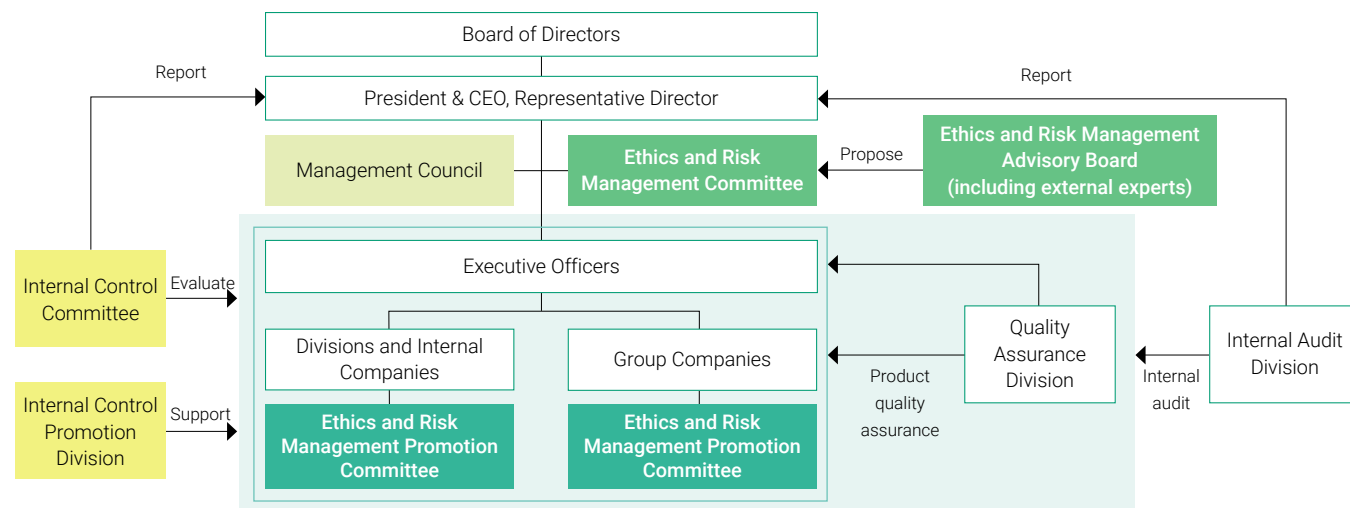
To deal with the diverse business risks (natural disasters and accidents, legal violations and litigation, quality, procurement of raw materials, stocks, intellectual property infringements, etc.) surrounding the Company, we have formulated Compliance and Risk Management Rules, and identify and evaluate the business risks of each in-house company, headquarters, and Group company by establishing an internal control system. In particular, the Quality Assurance Division plays a central role in implementing preventive measures regarding product safety risks, while the

Procurement Division performs the same role regarding risks related to raw material procurement. In addition, we have a system that enables us to respond promptly throughout the Company. Going forward, we will promote the establishment of a system to prevent risks in advance, minimize damage, and ensure rapid recovery. As for information security risks, we have put in place an internal system (a Computer Security Incident Response Team, or CSIRT) that can respond to security incidents. Also, we continue to evangelize preventive measures to employees.

### Risk Management System

In accordance with the Basic Policy of Internal Control Systems resolved by the Board of Directors, we have established the following compliance and risk management system. The Ethics and Risk Management Advisory Board, which includes external experts, has been established to promote a highly independent and transparent corporate governance system. In addition, the Ethics and Risk Management Committee was established to decide on the policies for compliance and risk countermeasures, and the Ethics and Risk Management Promotion Committee of each in-house company, headquarters, and domestic Group company is responsible for implementing these measures.

#### Organization of Compliance and Risk Management



### Business Risks

Risk	Assumption	Potential risk	Response
<b>Product development</b>	• Rapid product development in response to market changes is an important priority	• Inability to develop products in time due to failure to properly respond to customers' and business partners' needs	• Systematically implement new product development, existing product improvements, cost reductions, and R&D activities in foundational research fields
<b>Raw material procurement</b>	<b>1) Potato procurement risk</b> (Weather instability and decrease in potato grower population)	• Decrease in potato grower population in Japan • In principle, potatoes may not be imported into Japan under the Plant Protection Act	• Loss of sales opportunities due to inability to secure volume of potatoes • Cost increase driven by urgent procurement
	<b>2) Potato procurement risk</b> (Spread of potato cyst nematodes)	• Potatoes cannot be produced in areas affected by potato cyst nematodes (a kind of nematode that lives in soil, designated as an important pest under the Plant Protection Act)	• New varieties that meet requirements will not be developed and popularized • Potato cyst nematodes could spread faster than anticipated
	<b>3) Other raw material and input procurement risk</b>	• Utilizes raw materials imported from overseas	• Procurement delays due to natural disasters, pandemics, and other factors • Increase in procurement prices due to prolonged state of emergency
			• Build a procurement system through contracted growers, disperse production areas • Support cultivation and harvest, and assist with measures for reducing labor • Prepare plant facilities that can handle imported potatoes
			• Promoting a switch to nematode-resistant varieties of potato (Target ratios of nematode-resistant potato varieties are 50% by 2025 and 100% by 2030)
			• Establish a network of multiple and diverse suppliers • Reinforce appropriate inventory

Risk	Assumption	Potential risk	Response
<b>Product safety</b>	• Providing safe and secure products is the most important social responsibility of the Group	• Product recalls and sales suspensions • Loss of trust	• Build quality assurance systems • Realize traceability across the entire supply chain • Take measures to reduce the content ratio of acrylamide (a carcinogen formed by burning or frying foods that are rich in asparagine and reducing sugars such as fructose and glucose)
<b>Product supply</b>	• There are concerns over shortages of transportation vehicles due to the impacts of a decline in the working population due to population aging and an increase in courier services driven by growth in e-commerce	• Halt in product supply • Increase in transportation costs, etc.	• Promote reduction of standby times, lower delivery frequency, concentration of delivery destinations, and transportation in pallets • Diversify transportation modes, such as using rail freights
<b>Foreign exchange</b>	• Raw materials procurement and product sales, etc., include transactions in foreign currencies	• Rapid fluctuations in markets or foreign exchange exceeding the forecast range • Fluctuation in overseas subsidiaries' earnings when translated into yen	• Execute forward foreign exchange contracts to hedge the risk of price fluctuations
<b>Political and economic situation in overseas countries where the Group is expanding</b>	• Currently, the Group operates businesses in nine countries and regions	• Political, economic, and social turmoil caused by changes in laws and regulations, terrorism, war, or other factors • Difficulties caused by differences in culture and customs	—
<b>Major shareholders</b>	• FRITO-LAY GLOBAL INVESTMENTS B.V. (a wholly owned subsidiary of PepsiCo, Inc.) holds 20.01% of the Company's shares (including potential shares) • In June 2009, the Company concluded a strategic alliance agreement with PepsiCo, Inc	• The Company may become unable to realize synergy effects from the alliance if PepsiCo, Inc., changes its management direction or business strategy • If the agreement were canceled, the Company would enter a competitive relationship with the PepsiCo Group in Japan • Change in PepsiCo's ownership ratio of the Company	—
<b>Securing human resources</b>	• Human resources with the ability to act independently on transformation and challenges are important for sustainable growth	• Diminished working population due to changes in employment conditions, combined with the declining birthrate and aging population in Japan • Inability to secure necessary human resources due to delays in efforts to secure them and other reasons	• Introduce systems that enable diverse workstyles • Develop human resources who can promote digital transformation • Aim for an organization that can utilize diverse values and expertise and realize participation by all employees
<b>Information systems</b>	• Many operations are dependent on information systems and telecommunication lines	• Loss of information and tampering of data • Leakage of personal information or company secrets	• Establish an incident response system centered on a CSIRT • Conduct appropriate security countermeasures for information management
<b>Compliance</b>	• The Company is subject to laws and regulations in Japan, such as the Food Sanitation Act, the Act against Unjustifiable Premiums and Misleading Representations, the Measurement Act, the Unfair Competition Prevention Act, the Plant Protection Act, and the Consumer Safety Act • The Company is subject to the laws and regulations of each of the countries where it conducts business	• Penalties or license revocation under laws and regulations • Legal action • Loss of trust	• Formulate the Calbee Group Code of Conduct and promote compliance through in-house training programs and awareness raising to ensure compliance with ethical and social norms, laws and regulations, and internal rules, etc.
<b>Natural disasters such as earthquakes, typhoons, and heavy rain</b>		• Inability to supply products due to delays in parts of the supply chain • Length of time and large expenses to repair facilities, etc.	• Disperse production sites and procurement providers for raw materials • Strive to restart the supply system quickly based on the BCP, etc.
<b>COVID-19 pandemic</b>	• The Group conducts operations across the supply chain from procurement of raw materials overseas to production and sales	• Stagnating consumption and decrease in inbound demand due to restrictions on human movement • High prices and difficulty in securing raw materials	• Secure procurement of main raw materials, maintain flexible product strategies and supply systems • Thorough hygiene management system • Prohibit business trips, support stay-at-home measures and promote remote work as a general rule for head office
<b>Climate change</b>		• Increases in the cost burden due to carbon tax introduction, depending on progress on initiatives to reduce greenhouse gas emissions • Change in consumer purchasing behavior • Potential impairment to potato quality • Production equipment damage, operation halts, and supply chain interruptions due to typhoons and torrential rain, etc.	• Support the recommendations put forth by the TCFD and analyze risks and opportunities related to climate change



## Corporate Governance

## Board of Directors and Audit &amp; Supervisory Board Members

## Corporate Governance

Name	Reason for Election	Attendance at Board of Directors' meetings (FY2021/3)	No. of years as a director (As of July 2021)	Organization Membership				Expected Role and Expertise of Director				
				Board of Directors	Nominating Committee	Compensation Committee	Audit & Supervisory Board	Corporate management	Global	Production IT	Sustainability	Finance
<b>Shuji Ito</b> Representative Director President & CEO	Mr. Ito is well versed in management in various fields, including manufacturing, sales, corporate planning, and marketing. Since his appointment as president and representative director of the Company in 2009, he has pursued profit expansion in the domestic business and development of overseas business in earnest, and strives for the further improvement of corporate value by aiming for the realization of the Calbee Group Medium-term Business Plan and the Vision for 2030.	100% 13/13 times	17 years	◎ (Chairperson)	○	○	-	○	○	○	○	
<b>Makoto Ehara</b> Representative Director Executive Vice President	Mr. Ehara is well versed in the Company's overall management, assisting the president since his appointment as executive vice president of the Company, having served as president of a subsidiary of the Company, and having been involved in marketing, the regional business in Japan, overseas businesses, and new businesses. As director in charge of the New Business Division, he strives to improve corporate value through growth in new food categories that transcend the boundaries of the Company's existing businesses.	100% 13/13 times	2 years	○	-	-	-	○	○		○	
<b>Koichi Kikuchi</b> Senior Managing Director & CFO	Mr. Kikuchi is well versed in the Company's overall management through his extensive business experience and deep knowledge of financial accounting, serving as the CFO of the Company, and in positions responsible for IR, information systems, corporate communications, and procurement divisions. He has pursued financial strategies to establish the foundations of new business and to expand the Company's portfolio, and strives to improve corporate value.	100% 13/13 times	2 years	○	-	-	-	○	○	○	○	○
<b>Yuzaburo Mogi</b> Outside Director	Mr. Mogi serves as honorary CEO of Kikkoman Corporation as well as director or Audit & Supervisory Committee member of a wide variety of companies. He possesses extensive experience and deep knowledge about global corporate management. The Company expects that he will utilize this experience and knowledge to put forth opinions and give advice during meetings of the Board of Directors.	100% 13/13 times	12 years	○	◎ (Chairperson)	◎ (Chairperson)	-	○	○	○	○	○
<b>Takahisa Takahara</b> Outside Director	As president & CEO of Unicharm Corporation, Mr. Takahara has extensive experience and deep knowledge as a corporate manager concerning the management and control of new business and business in overseas markets. The Company expects that he will utilize this experience and knowledge to put forth opinions and give advice during meetings of the Board of Directors.	100% 13/13 times	6 years	○	○	○	-	○	○	○	○	○
<b>Atsuko Fukushima</b> Outside Director	Ms. Fukushima has many years of experience as a journalist and has a wide and objective perspective regarding society, the economy, consumers, and other subjects, in addition to deep knowledge of diversity and environmental initiatives. The Company expects that she will utilize this experience and knowledge to put forth opinions and give advice during meetings of the Board of Directors.	100% 13/13 times	6 years	○	○	○	-	○	○		○	
<b>Yoshihiko Miyauchi</b> Outside Director	Mr. Miyauchi has served as president and chairman of ORIX Corporation and as a director of a wide range of companies. As a result, he possesses extensive experience and deep knowledge about global corporate management and a high degree of expertise in regard to strengthening governance. The Company expects that he will utilize this experience and knowledge to put forth opinions and give advice during meetings of the Board of Directors.	100% 13/13 times	4 years	○	○	○	-	○	○		○	○
<b>Sylvia Dong</b> Outside Director	Ms. Dong has been engaged in the beverage business at PepsiCo, Inc., which is the parent of FRITO-LAY GLOBAL INVESTMENTS B.V., a major shareholder of the Company, with an ownership ratio of 20.01%. She possesses extensive experience and deep knowledge regarding overseas markets and the management and evaluation of corporate performance in multinational enterprises. The Company expects that she will utilize this experience and knowledge to put forth opinions and give advice during meetings of the Board of Directors.	100% 10/10 times	1 years	○	-	-	-	○	○	○	○	○

## Audit &amp; Supervisory Board Members

Name	Reason for Election	Attendance at Board of Directors' meetings (FY2021/3)		No. of years as an Audit & Supervisory Board member (As of July 2021)	Organization Membership				Expected Role and Expertise of Director					
		Attendance at Board of Directors' meetings (FY2021/3)	Attendance at Audit & Supervisory Board meetings (FY2021/3)		Board of Directors	Nominating Committee	Compensation Committee	Audit & Supervisory Board	Corporate management	Global	Production IT	Sustainability	Finance	Judicial affairs
<b>Taizo Demura</b> Outside Audit & Supervisory Board member (Full time)	Mr. Demura has many years of experience as a securities analyst mainly in the food sector and has a wide range of sophisticated expert knowledge and insight concerning finance and IR. The Company expects that he will utilize his expert and insight cultivated over the course of his career in the overall management of the Company.	100% (13/13 times)	100% (15/15 times)	3 years	○			◎ (Chairperson)		○			○	
<b>Tadashi Ishida</b> Outside Audit & Supervisory Board member	Mr. Ishida has sophisticated expert knowledge as a certified public accountant and has a wide range of practical experience from serving as a director, Audit & Supervisory Board member, and the lead researcher for the Japan Association for Chief Financial Officers. The Company expects that he will utilize his cultivated expertise and insight in the overall management of the Company.	100% (13/13 times)	100% (15/15 times)	10 years	○			○		○			○	
<b>Nagako Oe</b> Outside Audit & Supervisory Board member	Ms. Oe has abundant knowledge cultivated by sophisticated expert knowledge and a wide range of insight concerning the Companies Act of Japan and general corporate legal affairs. The Company expects the she will utilize her experience to strengthen our compliance and legal systems.	92% (12/13 times)	100% (15/15 times)	5 years	○			○		○				○

# Financial Information

## 10-Year Summary

(Millions of yen, rounded down)

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3
<b>Net sales</b>	163,268	179,411	199,941	222,150	246,129	252,420	251,575	248,655	255,938	<b>266,745</b>
<b>Gross profit</b>	69,081	78,522	87,209	97,561	107,033	111,573	108,904	111,120	115,086	<b>117,810</b>
<b>Selling, general and administrative expenses</b>	56,833	62,731	67,492	73,378	78,908	82,732	82,075	84,156	87,422	<b>90,746</b>
<b>Operating profit</b>	12,247	15,790	19,717	24,183	28,125	28,841	26,828	26,964	27,664	<b>27,064</b>
<b>Ordinary profit</b>	12,486	17,127	20,782	25,615	26,545	28,625	26,179	27,432	27,391	<b>27,522</b>
<b>Profit attributable to owners of parent</b>	7,096	9,440	12,086	14,114	16,799	18,605	17,330	19,429	17,539	<b>17,682</b>
<b>Total assets*<sup>1</sup></b>	108,229	124,705	140,909	161,917	174,837	181,945	192,034	202,750	214,967	<b>238,978</b>
<b>Net assets</b>	80,417	92,685	104,466	118,800	131,469	135,056	146,667	160,490	169,632	<b>182,740</b>
<b>Working capital*<sup>2</sup></b>	23,133	33,607	47,458	52,672	54,832	58,214	68,950	77,815	83,066	<b>80,892</b>
<b>Interest-bearing debt*<sup>3</sup></b>	358	302	186	563	555	1,596	1,511	1,274	1,363	<b>6,604</b>
<b>Equity ratio (%)*<sup>4</sup></b>	71.8	70.2	69.1	67.7	69.2	70.4	72.6	75.9	75.9	<b>73.4</b>
<b>Debt to equity ratio (Times)*<sup>4</sup></b>	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>Research and development costs</b>	1,811	2,288	2,161	2,052	2,195	2,168	2,469	2,660	2,745	<b>2,706</b>
<b>Capital expenditures</b>	5,422	7,298	6,392	15,290	21,229	9,763	11,009	9,945	9,004	<b>11,341</b>
<b>Depreciation and amortization</b>	6,676	6,318	5,960	6,232	7,570	7,297	7,845	8,023	8,449	<b>9,051</b>
<b>ROE (%)</b>	9.6	11.4	13.1	13.7	14.6	14.9	13.0	13.2	11.1	<b>10.4</b>
<b>Earnings per share (EPS) (Yen)*<sup>5</sup></b>	55.07	72.18	91.46	105.82	125.88	139.24	129.72	145.39	131.22	<b>132.30</b>
<b>Net assets per share (Yen)*<sup>5</sup></b>	596.66	664.55	729.93	821.97	905.20	958.60	1,043.37	1,151.71	1,221.19	<b>1,312.24</b>
<b>Cash dividends per share (Yen)*<sup>5</sup></b>	10.50	15.50	22.00	28.00	35.00	42.00	42.00	48.00	50.00	<b>50.00</b>
<b>Dividend payout ratio (%)</b>	19.1	21.5	24.1	26.5	27.8	30.2	32.4	33.0	38.1	<b>37.8</b>
<b>Cash flows from operating activities</b>	7,049	17,328	23,478	22,266	22,541	25,958	9,358	27,620	40,449	<b>30,450</b>
<b>Cash flows from investing activities</b>	(5,347)	(12,999)	(17,041)	(9,422)	(14,270)	(13,404)	(6,258)	(28,347)	(13,462)	<b>(32,069)</b>
<b>Cash flows from financing activities</b>	(411)	607	(383)	(2,878)	(2,859)	(14,711)	(5,450)	(6,227)	(6,278)	<b>(7,635)</b>
<b>Number of consolidated subsidiaries</b>	18	21	22	22	24	27	27	26	24	<b>24</b>
<b>Number of employees</b>	3,053	3,352	3,341	3,477	3,728	3,860	3,798	3,763	4,053	<b>4,311</b>

\*1 Upon application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018 (hereinafter, "Statement No. 28")) from the beginning of fiscal year ended March 31, 2019, the figures for the consolidated financial position are those after the said standards are applied retroactively.

\*2 Working capital comprises current assets less current liabilities.

\*3 Interest-bearing debt includes long- and short-term debt, leasing obligations, and other interest-bearing debt.

\*4 Shareholders' equity as presented above consists of total net assets exclusive of subscription rights and non-controlling interests.

\*5 A 4-for-1 share split was implemented on October 1, 2013. Per-share figures were retroactively adjusted to reflect these stock splits.



# Corporate Information

## Corporate Data

(As of March 31, 2021)

▶ Company Name	Calbee, Inc.	▶ Business	Production and sale of snacks and other foods
▶ Head Office	Marunouchi Trust Tower Main, 22nd Floor, 1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan	▶ Fiscal Year-End	March 31
▶ Date of Establishment	April 30, 1949	▶ Paid-In Capital	¥12,046 million
▶ Representative President & CEO	Shuji Ito	▶ Number of Employees	4,311 on a consolidated basis 1,841 on a parent basis

## Stock Information

(As of March 31, 2021)

■ **Stock Listing** First Section of the Tokyo Stock Exchange

■ **Securities Code** 2229

### ■ Stock Information

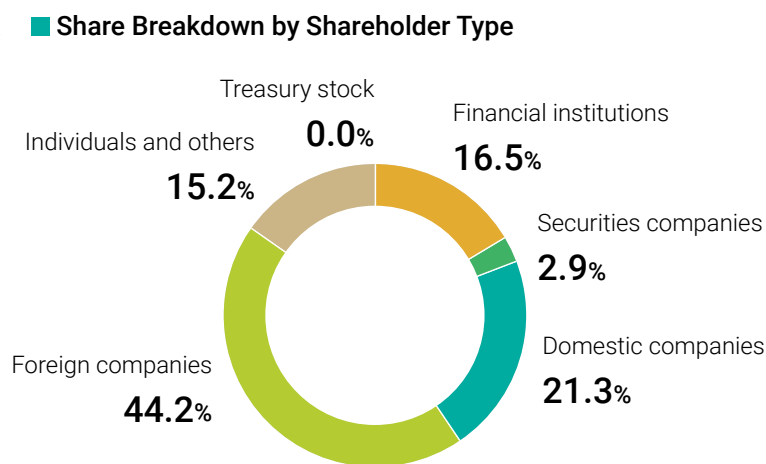
- ▶ Number of shares authorized 176,000,000 shares
- ▶ Number of shares issued 133,929,800 shares (including 911 shares of treasury stock)
- ▶ Number of shareholders 32,895 people

### ▶ Principal Shareholders

Name of shareholder	Investment in the Company	
	Number of shares (Thousands)	Ownership ratio (%)
FRITO-LAY GLOBAL INVESTMENTS B.V.	26,800	20.01
General Incorporated Association Miki-no-Kai	18,860	14.08
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,622	5.69
Custody Bank of Japan, Ltd. (Trust Account)	4,373	3.27
THE BANK OF NEW YORK MELLON	3,912	2.92
Calbee Employees Shareholding Association	2,135	1.59
THE TORIGOE CO., LTD.	1,936	1.45
STATE STREET BANK AND TRUST COMPANY 505103	1,585	1.18
STATE STREET BANK WEST CLIENT - TREATY 505234	1,515	1.13
THE BANK OF NEW YORK 134105	1,408	1.05

Note 1. Ownership ratios are calculated excluding 911 shares held by the Company as treasury stock.

2. The ownership ratio is calculated including 92,565 shares held by the ESOP (Employee Stock Ownership Plan) Trust and 195,700 shares held by the BIP (Board Incentive Plan) Trust.



## Consolidated Subsidiaries

### Japan

- Calbee Potato, Inc.
- Calbee Logistics, Inc.
- Calbee Eatalk Co., Ltd.
- Japan Frito-Lay Ltd.
- Studio Socio Inc.
- Potato Kaitsuka Ltd.

### Overseas

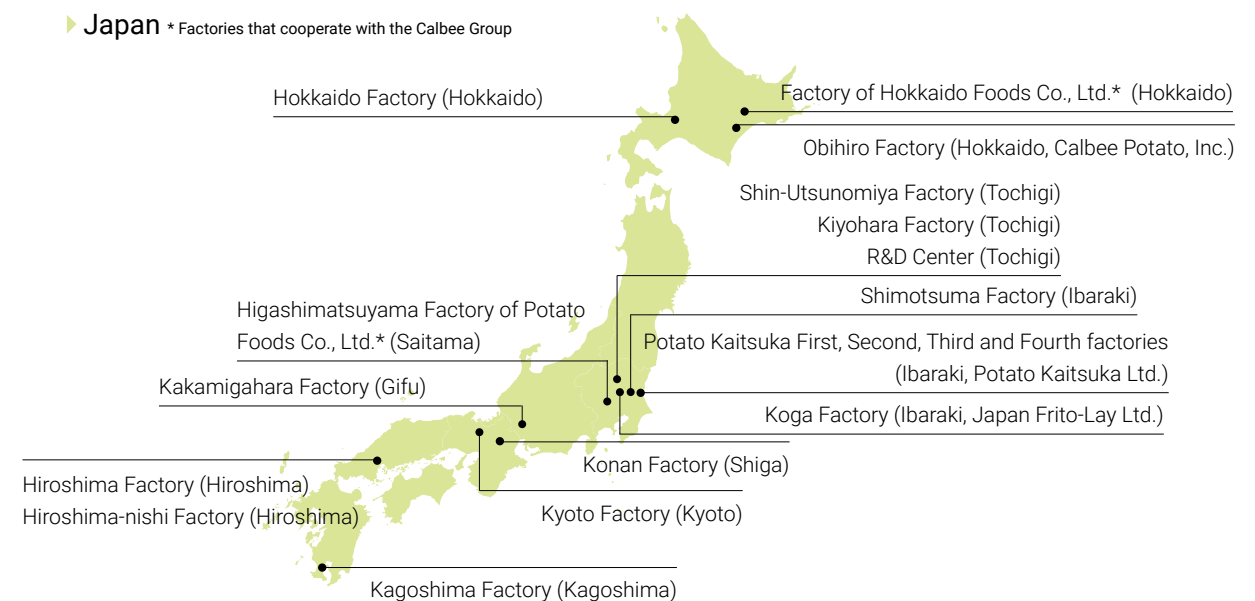
\* [ ]: Country or region

- Calbee America, Inc. [United States]
- Calbee North America, LLC [United States]
- Warnock Food Products, Inc [United States]
- Yantai Calbee Co., Ltd. [China]
- CFSS Co. Ltd. [China]
- Calbee (Hangzhou) Foods Co., Ltd. [China]
- Calbee (China) Co., Ltd. [China]
- Calbee Four Seas Co., Ltd. [Hong Kong]

- Calbee E-commerce, Ltd. [Hong Kong]
- Calbee Group (UK) Ltd [United Kingdom]
- PT. Calbee-Wings Food [Indonesia]
- Haitai-Calbee Co., Ltd. [South Korea]
- Calbee Tanawat Co., Ltd. [Thailand]
- Calbee Moh Seng Pte., Ltd. [Singapore]
- Calbee Australia Pty Ltd. [Australia]

## Location of Factories

### ▶ Japan \* Factories that cooperate with the Calbee Group



### ▶ Overseas

