



Calbee Group Financial Results

First half of fiscal year ending March 31, 2022

April 1, 2021 – September 30, 2021

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1 . FY2022/3 Business summary of first half and management direction

Shuji Ito, President and CEO

2 . FY2022/3 Review of first half results

Koichi Kikuchi, Senior Managing Director and CFO

FY2022/3 Business summary of first half and management direction

Shuji Ito
President and CEO

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Again, my name is Ito. We start with the cover page of the document, and here are the 2 pages.

I would like to begin with a summary of the first half of the fiscal year and an explanation of our future plans.

FY2022/3 Business summary of first half



- Implemented measures based on the Medium-term Management Plan policy
- Sales and profit achieved plan amid raw material price hikes higher than initially expected and potato shortage concerns

Key initiatives	Major actions and summary
Existing domestic businesses: Create new value and realize high profit	<ul style="list-style-type: none"> • Products with new value were accepted by the market; products that respond to household consumption demand strong too • Improved selling costs on higher sales of regular products • Despite plans in domestic cereals to enhance nutritional appeal and capture snack demand, issues remain • Increased efficiencies from incorporating digital technology in the value chain
Overseas business: Establish revenue-generating bases in 4 key regions	<ul style="list-style-type: none"> • Launched new products in North America, UK, Indonesia • Snacks grew in Greater China
New business: Establish businesses in new food areas	Sweet potato business grew on synergies from expanded raw material procurement, etc.

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3

Next, please turn to slide 3.

As a summary of the first half of FY2022, we were forced to change our sales policy in the first half of the fiscal year due to high global raw material prices and concerns about the shortage of domestic potatoes. Despite this, we were able to achieve our sales and profit targets by responding quickly to changes and implementing measures from a medium- to long-term perspective.

We believe that, in addition to the growth of existing products both in Japan and overseas, new products using Calbee's proprietary technology as well as new businesses, such as the Sweet Potato business acquired in 2020, have contributed to the achievement of the overall plan due to synergy effects.

Management direction



- Implement policies towards achieving full year plan and medium- to long-term growth
- Enhance supply chain resilience to reduce raw material procurement risk, etc.

Key initiatives	Policies and measures for FY2022/3 H2 onwards
Existing domestic businesses: Create new value and realize high profit	<ul style="list-style-type: none"> • Snack price/content revisions Raise price of <i>Potato Chips</i>, change content volume of <i>Jagarico</i> in response to potato shortage, high prices of cooking oil, etc. • In cereals, revise prices, launch new products and renew products to grow customer base Enter the rapidly growing oatmeal market • Create more stable procurement structure for potatoes and promote innovation in production technology
Overseas business: Establish revenue-generating bases in 4 key regions	<ul style="list-style-type: none"> • Implement price/content revisions in response to high raw material prices • Continue to raise penetration of the Calbee brand
New business: Establish businesses in new food domains	Proactively seek new growth opportunities via new ingredients following on potatoes, and in new businesses

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4

Let's move on to slide 4.

I will explain our policies and strategies for the second half of the fiscal year and beyond. For the purpose of further consolidating our existing domestic business, we will revise snack prices and expand our cereal business in the second half of this fiscal year in order to maintain and improve high profitability. To support this, we will further strengthen our raw material procurement system.

As for the cereal, it's a medium dose and size. We will strengthen the product size of medium-dose products and renew products that appeal to health and function in order to strengthen our product lineup, expand our customer base, and increase our market share.

In addition, the oatmeal market is growing during this period, and we are also preparing to enter the fast-growing oatmeal market. In terms of overseas business, we will continue to launch new products and conduct promotional activities in order to increase awareness of the Calbee brand.

We will also revise prices in North America and the UK to cope with the high cost of raw materials. As for business development in the region, we are still running several projects led by our new business division. We will continue to aggressively search for new materials or new businesses.

Content revisions (from Jan. 24, 2022)

Implemented price hikes and content changes for some products in response to a smaller harvest of potatoes in Hokkaido and higher prices for raw materials such as cooking oil

Potato Chips

Price revisions

7-10% increase



Change in content volume

63g→60g 85g→80g



For convenience store

Jagarico

Change in content volume

60g→57g 72g→68g



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5


Next, please look at slide 5.

This will explain the price of snacks and the revision of standards. Due to high temperature drought in Hokkaido and high temperature drought in summer, the quantity of potatoes decreased significantly. In addition, we are revising our prices in response to soaring prices of raw materials such as cooking oil.

The target products are those that account for about 45% of domestic snack sales. For potato chips, we will raise the prices of our mainstay products, such as Lightly Salted Chips, Consommé Punch, and Seaweed Salted Chips, by 7% to 10% based on estimated selling prices.

On the other hand, the price of *Jagarico* will remain unchanged, but the current 60-gram *Jagarico Salad* will be reduced to 57 grams, and the price will be increased by changing the content volume. Implementation will begin on January 24, 2022, and revisions will be made sequentially.

Initiatives against risk of reduced domestic potato harvest



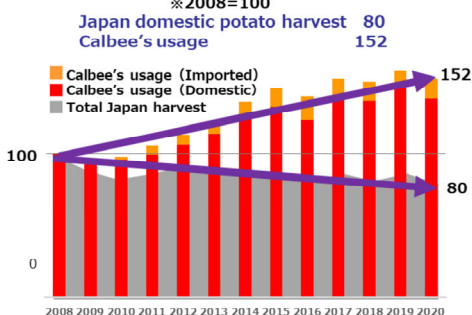
Harvest the Power of Nature.

- **Decentralize domestic potato production areas**
Expand production areas within Hokkaido and in Tohoku region
- **Expand potato imports**
Seasonal restrictions abolished in 2020
From only off-season (Feb.-Jul.)
→ possible year-round
- **Import products and semi-finished products from overseas Group factories**
- **Switch varieties, use new varieties, develop cultivation techniques**
- **Develop products/businesses which use ingredients other than potatoes**



Change in potato yield/usage amounts

※2008=100

Japan domestic potato harvest 80
Calbee's usage 152



Year	Calbee's usage (Imported)	Calbee's usage (Domestic)	Total Japan harvest
2008	0	100	100
2009	0	95	95
2010	0	90	90
2011	0	95	95
2012	0	100	100
2013	0	105	105
2014	0	110	110
2015	0	115	115
2016	0	120	120
2017	0	125	125
2018	0	130	130
2019	0	135	135
2020	72	152	80

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6

Please continue with slide 6.

This is a response to the shortage of potatoes that occurred this summer, and we have been making long-term efforts to increase the amount of potatoes procured as raw materials.

About 5 years ago, we were also affected by unseasonable weather, such as typhoon damage in Hokkaido. We have been taking measures to cope with climate change and other factors, and we have procured 1.5 times the amount of potatoes we harvested in Japan in 2008.

On the other hand, if the total amount of potatoes harvested in Japan would be 100 in 2008, this number has dropped to 80 in 2020. While the overall production and area of potatoes is decreasing, we have increased our production by 1.5 times, and we are making good progress in expanding our supply. However, the impact of climate change is very significant, and we will take further measures to deal with it.

We are expanding our area of production in Hokkaido, but also in the Tohoku region. We are the only company in Japan that can import fresh potatoes, but we are also increasing the volume of imports.

We will continue to increase the amount of land in Japan, the yield, and the productivity. As for imports, back in 2020, we were still able to import only half the months of the year, but we are now in a position to import the entire year. However, since we are limited to our 2 production plants, we cannot import more than the production capacity of those 2 plants, so any further increase will have to wait until the next expansion of our production base in Shin-Hiroshima.

Although we are expanding the area of potatoes, the effects of climate change are likely to continue, so the most effective response is to improve the varieties of potatoes.

In this year's case, because of the heat and the fact that it was in July, varieties that are produced in the early season were affected. At present, I think that it will be a big measure to promote varieties that can withstand the heat and can be harvested later. We are also developing and focusing on cultivation methods that are adapted to such weather conditions.

At the same time, since this kind of fluctuation inevitably occurs with this crop, we will expand our business not only with potatoes but also with other products. We have also signed a partnership agreement with Hokuren, and we will continue to promote business diversity and raw material diversity in a way that is not influenced by the environment. We are also working to build a strong global procurement system.

Shareholder return policy

New shareholder return policy



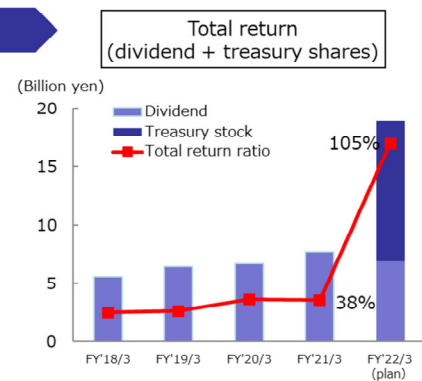
Changed shareholder return policy to enhance distribution of profit and raise capital efficiency

Current: Aim for Consolidated dividend payout ratio over 40%

New: Aim for Consolidated total return ratio over 50%
Aim to maintain stable dividend+ conduct agile share buybacks

Shareholder returns FY2022/3 (plan)

- Dividend
¥52 per share (¥2 increase YoY),
unchanged from initial forecast
- Share buyback
Cost: Up to ¥12 billion
Number of shares: Up to 5,500,000
Period: 2021/11/1 - 2022/3/31
Method: Market purchases on the TSE



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8

Finally, on page 8, I would like to report on our shareholder return policy. I would like to explain the shareholder return policy that was resolved at the Board of Directors meeting held today.

The Company will repurchase its own shares for the purpose of further enhancing the return of profits to shareholders and improving capital efficiency. To date, we have steadily increased dividends and raised the dividend payout ratio, aiming for a payout ratio of 40% or more.

In the future, in addition to the stable dividend payment, we will flexibly buy back our own shares in order to achieve the ROE of 12% as set in the mid-term management plan. First of all, we will implement a maximum of JPY12 billion and 5.5 million shares this fiscal year. That's all I have to say. Thank you very much.

FY2022/3 Review of first half results

Koichi Kikuchi
Senior Managing Director and CFO

【Repost】

Due to the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, certain selling expenses(rebates) that were previously recorded as SG&A expenses are now deducted from gross sales.

Gross sales: sales figures before deducting certain selling expenses

Net sales: sales figures after deducting certain selling expenses

The treatment of this change in this document is as follows.

	FY2022/3 H1	FY2021/3 H1
Gross sales		
Sales by product	As before	As before
Sales by region		
Rebates deducted from sales	Certain selling expenses deducted from gross sales	None (included in SG&A)
Net sales	Deducted certain selling expenses from gross sales	None
Operating profit	As before	As before
Operating margin	Calculated using gross sales as denominator	Calculated using gross sales as denominator

Thank you. Now, I would like to continue with the business results report for the first half. This is Kikuchi.

Please see slide 10.

This slide is the same as the one in the previous presentation on the treatment of the accounting standard for revenue recognition. This is a restatement, so I will spare you the explanation.

FY2022/3 H1: Results highlights



Summary

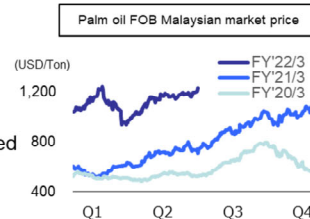
■ **Gross sales** Increased due to strong snack sales both in Japan and overseas

■ **Operating profit** Prices of raw materials such as cooking oil rose sharply worldwide

Domestic: Profit rose on effect of higher sales and reduced selling expenses covered higher costs (around ¥0.6bn)

Overseas: Profit fell on inability to cover effect of higher costs (around ¥0.5bn)

■ **Net income** Rose on growth in operating income, foreign exchange gains, etc.



	FY'2022/3 H1	FY'2021/3 H1	Change	FY'2022/3 H1 Target	vs. plan Ratio
Gross sales	136.2	130.9	+4.0%	134.5	101.3%
Net sales	120.4	—	—	118.3	101.8%
Gross domestic sales	105.7	104.3	+1.4%	104.7	101.0%
Net sales	93.4	—	—	92.3	101.3%
Gross overseas sales	30.5	26.7	+14.2%	29.8	102.2%
Net sales	27.0	—	—	26.0	103.8%
Operating profit	13.3	13.0	+2.2%	13.3	100.0%
Operating margin (for gross sales)	*9.8%	9.9%	-0.2pts	9.9%	-0.1pts
Domestic	12.2	11.4	+7.3%	11.9	102.9%
Overseas	1.1	1.6	-32.9%	1.4	76.4%
Ordinary profit	13.6	12.7	+6.5%	13.1	104.0%
Extraordinary income/loss	-0.2	-0.1	—	-0.3	—
Net profit **	9.2	8.2	+11.6%	8.5	108.0%

*Operating margin (for net sales) was 11.0%

**Profit attributable to owners of parent

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11

Please see slide 11.

In terms of consolidated results for the first half, both sales and profits exceeded the previous year's plan. Total sales increased 4% YoY, to JPY136.2 billion, as both domestic and overseas sales increased. Domestic sales increased by 1.4% to JPY105.7 billion due to strong sales of snacks such as Jagarico, while overseas sales increased by 14.2% to JPY30.5 billion due to contributions from Greater China, the UK, and Indonesia.

Operating income increased 2.2% YoY to JPY13.3 billion. While the price of raw materials such as cooking oil has been soaring worldwide, we were able to increase sales and control selling expenses in Japan and offset the impact of the sharp rise in the price of raw materials, which was roughly JPY600 million, resulting in a 7.3% YoY increase to JPY12.2 billion.

On the other hand, overseas, there is the impact of soaring raw material prices. This is about JPY500 million, but we were not able to cover this, and the figure was JPY1.1 billion, down 32.9% from the previous year. Current net income increased by 11.6% YoY to JPY9.2 billion, mainly due to the recording of foreign exchange gains.

FY2022/3 H1: Domestic business



- **Gross sales** (Snacks) Rose on strong sales of *Jagarico* and growth in products with new value such as bean-based snack *miino*
(Cereals for domestic consumers) Sales decreased on the absence of last year's nesting demand
(Cereals for overseas export) Sales declined by ¥1.1 billion due to a change in distribution (on transfer of sales to Chinese subsidiary)
(Other food products) Sweet potato business grew
- **Operating profit** Rose on higher sales and reduced selling expenses for snacks, despite a sharp rise in the price of cooking oil (Billion yen)

	FY2022/3 H1		
		Change(YoY)	
Gross domestic sales	105.7	+1.4	+1.4%
Snacks	87.7	+2.9	+3.4%
<i>Potato Chips</i>	41.1	+0.1	+0.2%
<i>Jagarico</i>	17.9	+1.3	+7.9%
Products with new value/other snacks	28.7	+1.5	+5.5%
Cereals (for domestic consumers)	12.6	-1.2	-8.9%
Cereals (for overseas export)	0.6	-0.9	-61.3%
Others (Sweet potatoes, Potatoes, Services)	4.9	+0.7	+17.7%
Rebates deducted from sales	-12.3	—	—
Domestic operating profit	12.2	+0.8	+7.3%
Operating margin	* 11.5%	+0.6pts	—

*Operating margin (for net sales) was 13.1%

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12

Please see slide 12.

In the domestic business, total sales increased 1.4% YoY to JPY105.7 billion. As I mentioned earlier, *Jagarico* is doing well. In the Snack Foods business, sales increased by JPY2.9 billion due to growth in new value products such as *miino*, a bean-based snack.

On the other hand, sales of cereals for domestic consumption decreased by JPY1.2 billion since the demand for consumption-from-home calmed down since last year. Sales of overseas exports decreased by JPY900 million due to a shift in commercial distribution to our Chinese subsidiary, resulting in a total decrease of JPY2.1 billion. As for other businesses, sales increased by JPY700 million due to the expansion of the Sweet Potato business.

Operating income, as I mentioned earlier, increase 7.3% YoY to JPY12.2 billion on a net basis due to the effect of increased sales and the curbing of selling expenses for snacks, despite the soaring price of cooking oil. The operating income margin improved by 0.6 percentage points YoY to 11.5%.

FY2022/3 H1: Domestic business



Snacks

Potato Chips

Sales were flat YoY (high demand for *Kataage Potato* (Kettle Chips) continued).

Controlled sales promotions and suspended sales/delayed launches of products because of delayed domestic potato harvests in prefectures other than Hokkaido, etc.

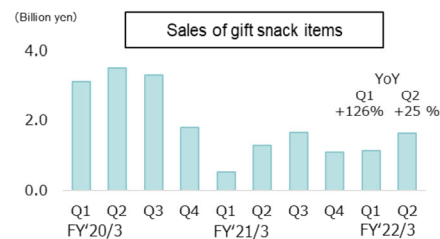
Jagarico

Sales rose on proactive launches of limited time products and diversification of the packaging formats of products such as *bits Omori*(large-bag type).

Products with new value and other snacks

Strong sales of *miino* and *Potato Deluxe*

Sales of gift snack items increased from sales at Product Exhibition and supermarkets etc, despite inbound and domestic tourism remained sluggish.



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13

Please see slide 13.

Let me explain in a little more detail by product. As for potato chips, there was a concern about a shortage of in April. In July, the harvest of potatoes produced in the Kanto region was delayed due to the long rains, which resulted in reduced sales promotion, suspension of sales of some products, and postponement of sales. As a result, sales are under control, and as for potato chips, sales are on par with the previous year.

On the other hand, sales of *Kataage Potato* increased due to the continued high demand among households for home consumption. As for *Jagarico*, in addition to the aggressive introduction of limited-time products such as the Garlic Butter Soy Sauce Flavor and the German Potato Flavor, there is also a large-sized *Jagarico* Salad Bits. In addition, we diversified our packaging formats through formats such as Otonano Jagarico, which led to a significant increase in sales.

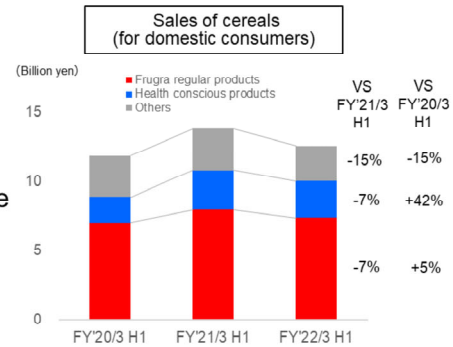
In other snacks, sales of *miino*, a bean-based snack, and then *Potato Deluxe*, which has expanded its sales area, were strong. In terms of souvenir products, the number of inbound and domestic travelers continues to be low. On the other hand, sales increased from the previous year due to aggressive expansion into the event areas of product stores and general channels.

FY2022/3 H1: Domestic business



Cereals

- Sales fell due to the absence of last year's nesting demand and intensified competition
- Firm sales of cereals with health and nutritional appeal
- From H2, expand products in the medium-size range that are easy for customers to pick up



Others

Sweet potato business: Expanded procurement and saw strong sales both wholesale and at company-owned shops



Potato Kaitsuka's original brand 『Benitenshi』



Company-owned shops
New shop opened in September

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14

Please see slide 14.

Sales of cereals decreased since the demand for consumption-from-home calmed down since last year. Increased competition is another factor. Products that appeal to health and functionality, such as *Frugra Sugar Free* and *Granola+*, maintained high demand and performed well, but overall sales declined.

From the second half of the year onward, in addition to promoting health functions, we will try to regain our footing by expanding our lineup of products and products in the medium volume range, which our competitors are increasingly targeting.

As for other products, in the sweet potato business, there is the original brand of baked potatoes, Beni-Tenshi. Both wholesale sales and sales at directly managed stores were strong, resulting in increased sales.

FY2022/3 H1: Overseas business



(Billion yen)

<Business results by region>	FY2022/3 H1			
		Change(YoY)		Change ex. forex in %
Gross overseas sales	30.5	+3.8	+14.2%	+6.0%
North America	7.6	+0.2	+2.4%	-0.9%
Greater China	9.1	+1.2	+15.6%	+5.7%
United Kingdom	3.8	+0.6	+19.6%	+5.9%
Indonesia	2.6	+0.6	+32.6%	+22.3%
Other regions	7.3	+1.1	+18.4%	+9.5%
Rebates deducted from sales	-3.5	—	—	—
Overseas operating profit	1.1	-0.54	-32.9%	—
Operating margin	* 3.6%	-2.5pts	—	—
North America	0.05	-0.34	-86.8%	—
Greater China	0.64	-0.00	-0.3%	—
United Kingdom	-0.00	-0.07	—	—
Indonesia	-0.37	-0.21	—	—
Other regions	0.78	+0.08	+11.4%	—
<Gross sales by product>				
Snacks	26.7	+3.8	+16.5%	—
Cereals	3.7	+0.0	+0.3%	—

*Operating margin (for net sales) was 4.1%

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15

Please see slide 15.

In terms of overseas business results, total sales were JPY30.5 billion, an increase of 14.2% YoY, but on a local currency basis, which excludes the effect of exchange rates, sales increased only 6%. Operating income decreased by 32.9% to JPY1.1 billion.

FY2022/3 H1: Overseas business



North America

■ Sales

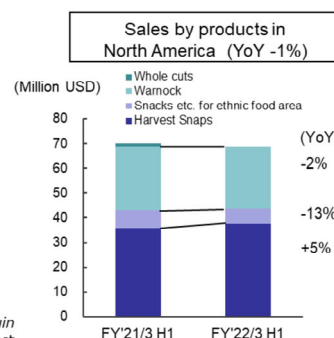
- Dollar store channels sales of *Harvest Snaps* rose
- Sales of snacks for ethnic foods area decreased due to container shortages
- Warnock's OEM business sales declined

■ Operating profit

- Decreased on higher raw material and labor costs ratio



Launched *San Joaquin*
(Calbee brand product
manufactured by Warnock)



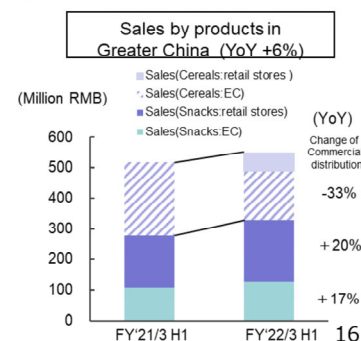
Greater China

■ Sales

- Sales of snacks were strong for products such as *Honey Butter Chips* and *Jaga Pokkuru* via both EC and retail stores
- Sales of cereals fell in the absence of last year's nesting demand

■ Operating profit

- Proactively invested in promotions



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Please see slide 16.

Let me explain in a little more detail about our performance by region. Sales in North America decreased by 0.9% YoY on a local currency basis. *Harvest Snaps*, which you can see here, is a 1-dollar store. We are continuing to expand the distribution of small-volume, low-priced products to the dollar stores, and this has led to an increase in sales.

On the other hand, due to the spread of the coronavirus, we were unable to supply snacks for the ethnic section as we had hoped due to the shortage of containers, resulting in a decrease in sales. Sales at Warnock Food Products declined due to the lack of progress in developing OEM contractors.

Operating income decreased by JPY340 million to JPY50 million compared to the previous year due to the increase in the ratio of raw materials and labor.

Sales in Greater China increased 5.7% YoY on a local currency basis. In snack foods, *Honey Butter Chips* and *Jaga Pokkuru* continued to perform well, and sales increased due to growth in ecommerce, retail stores, and physical stores. However, sales of cereals, when we exclude the increase due to the change in commercial distribution, decreased since the demand for consumption-from-home calmed down since last year.

As for profits, we have been aggressively investing in promotions, and operating income was JPY640 million, about the same as the previous year.

FY2022/3 H1: Overseas business



UK

■ Sales

- Strong sales of Seabrook brand potato chips
- Snack sales rose due to new products *Loaded Fries* and *Loaded Bites*

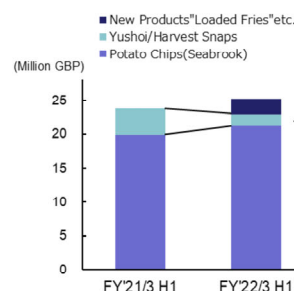
■ Operating profit

- Decreased due to higher raw material prices (cooking oil, etc.)



Launched Calbee brand
Harvest Snaps

Sales by products in UK
(YoY +6%)



Indonesia

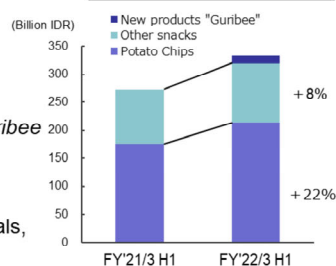
■ Sales

- In potato chips, competitor withdrew from market and sales of *Japota* were strong
- Snack sales rose on strong sales of *Krisbee* and launch of new product *Guribee*

■ Operating profit

- Decreased due to higher raw material prices (cooking oil, packaging materials, etc.)

Sales by products in Indonesia
(YoY +22%)



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17

Please see slide 17.

Sales in the UK increased 5.9% on a local currency basis. Sales of potato chips, our mainstay product, are growing. In addition, we launched new snack products other than potato chips, such as *Loaded Fries* and *Loaded Bites*, which also contributed to the increase in sales. However, operating income decreased by JPY70 million compared to the previous year due to the soaring price of raw materials for cooking oil.

Sales in Indonesia were up 22.3% YoY on a local currency basis. As for potato chips, our competitor, Lay's, withdrew from the market, and our product, *Japota*, performed well.

In the snack category, sales increased due to the strong performance of *Krisbee* and the introduction of a new product, *Guribee*. Operating loss of JPY370 million was recorded due to the impact of soaring prices of cooking oil and packaging materials.

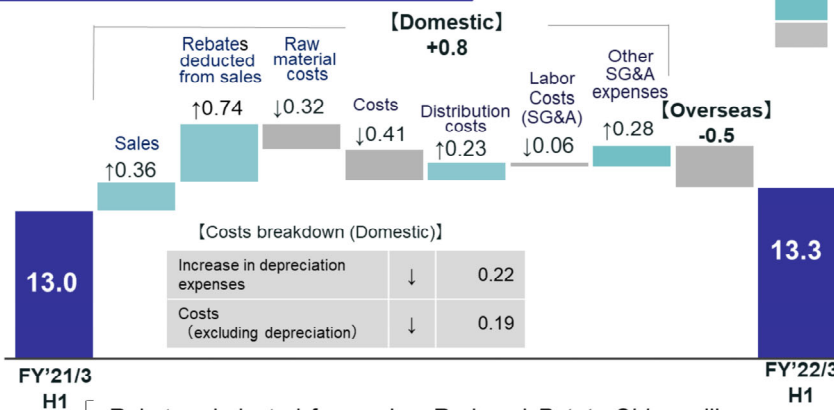
FY2022/3 H1: Factors increasing operating profit



Change in operating profit (YoY)

(Billion yen)

■ Increase
■ Decrease



- [Domestic]**
- Rebates deducted from sales: Reduced *Potato Chips* selling expenses
 - Raw material costs: Sharp rise in price of cooking oil (¥0.6bn), effect of product mix (¥0.3bn)
 - Costs: Productivity decreased with *Potato Chips* sales adjustments
 - Distribution costs: Additional costs due to *Potato Chips* shortage and sales suspension (last year)
 - Other: Decreased due to marketing activities (TV commercials, etc.)
- [Overseas]** Sharp increase in cost of raw materials (¥0.5bn)

18

Please see slide 18.

Finally, the operating income analysis shows that the overall consolidated operating income was JPY13.3 billion, an increase of JPY300 million over the previous year. Breaking it down, there was an increase of JPY800 million in Japan and a decrease of JPY500 million overseas. Further details on the factors behind the increase and decrease in the domestic business can be found on this slide.

This concludes my explanation. Thank you very much.

Reference material

Consolidated profit and loss statement



(Million yen)

	FY2022/3 H1				FY2022/3 forecast		
		Percent of total(%)	Change (YoY) (%)	vs. plan Ratio (%)		Percent of total(%)	Change (YoY) (%)
Gross sales	136,193	100.0	—	101.3	275,000	100.0	—
Rebates deducted from sales	15,752	11.6	—	97.1	35,000	12.7	—
Net sales	120,440	88.4	—	101.8	240,000	87.3	—
Gross profit	42,089	30.9	—	98.6	87,800	31.9	—
SG&A	28,787	21.1	—	98.0	59,800	21.7	—
Selling	3,975	2.9	—	93.5	8,400	3.1	—
Distribution	9,665	7.1	+0.4	100.8	19,800	7.2	+2.9
Labor	9,776	7.2	+3.2	99.4	20,100	7.3	+4.0
Others	5,369	3.9	+2.0	94.2	11,500	4.2	+8.4
Operating profit	13,302	9.8	+2.2	100.0	28,000	10.2	+3.5
Ordinary profit	13,574	10.0	+6.5	104.0	27,500	10.0	-0.1
Extraordinary income/loss	-163	—	—	—	-500	—	—
Net profit*	9,178	6.7	+11.6	108.0	18,000	6.5	+1.8

* Profit attributable to owners of parent

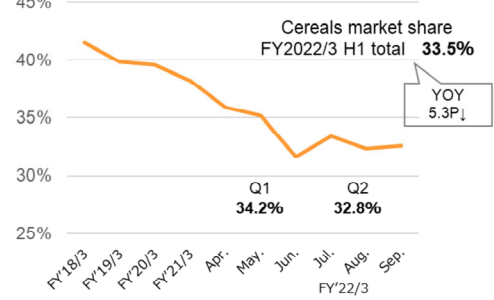
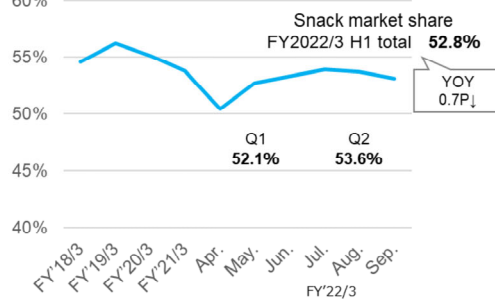
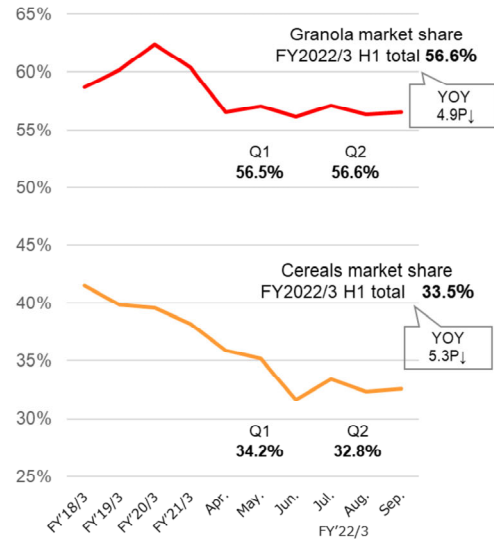
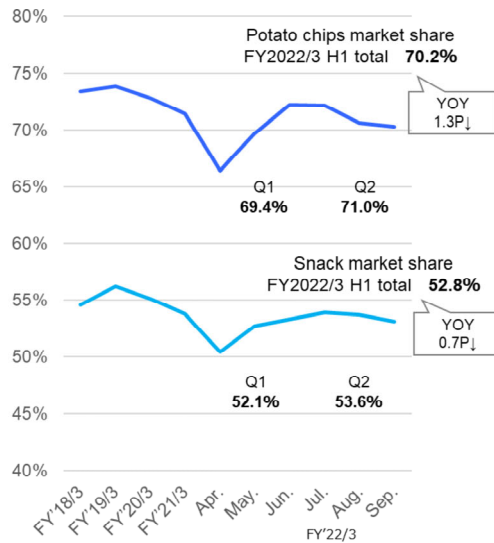
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20

Domestic business



■ Market share



Source: Intage SRI+ based on sales amount (nationwide, all retail formats)
From FY2021/3 Intage's SRI+ has changed how it conducts planning and estimation; prior figures have been revised to reflect the new method.

FY22/3 H1 total: April 2021 – September 2021
Comparison period: April 2020 – September 2020
FY18/3-FY22/3: April 2017 – September 2021

Snack market share: Total of Calbee and Japan Frito-Lay
Potato chips: Total of potato chips (thick- and thin-sliced), shoestring- and kettle types; includes private brand products
Granola: Granola category of Cereals market

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- The Company's fiscal year ends on March 31. The fiscal year ending March 31, 2022 is referred to throughout this report as "FY2022/3," and other fiscal years are referred to in a corresponding manner. References to years not specified as being fiscal years to calendar years.
- This document contains Calbee's current plans, outlook and strategies. Items which are not historical facts are forecasts pertaining to future performance, and are discretionary and based on information currently available to Calbee. This document does not purport to provide any guarantee of actual results. Actual results may differ significantly from forecasts due to various factors.
- This document also contains unaudited figures for reference purposes only.

FY2022/3 H1 Results Presentation Q&A

October 29, 2021

Q1: What are the intended goals and effects of your domestic snack price/content revisions?

The goal is to improve profitability. Another factor is that harvests of potatoes grown in Hokkaido have been below expectations, so we have no choice but to control production. This revision applies to approximately 80% of our *Potato Chips* and 70% of *Jagarico*. These are the product categories made from raw potatoes.

As for the effects, these revisions will be implemented in late January of next year, so we do not expect to see much of an effect during the current fiscal year. The price revision rate of 7-10% is based on estimated in-store prices, and this number is a little smaller when based on prices at shipment.

The effect next year will depend on sales volumes, so we would like to provide that explanation once those numbers become clearer.

Q2: Do you expect demand for snacks to change after the price increase?

Other food companies are also announcing price increases, and we believe that snacks can still be perceived as affordable at the new higher prices. Sales volumes might decrease in the short run, but since there is little chance of a sudden dip in demand, we expect sales volumes to return to normal after about a year.

Q3: What impact do you think rising raw materials costs will have on performance this year and next?

This year, higher costs for cooking oil will have a negative impact of one billion yen against our plan. Some of this will be recovered through the price/content revisions, but not enough. Therefore, the rest of the impact will be absorbed by reductions of selling expenses and other cost reductions, and we will aim for 28 billion yen in operating profit for the year. As for the impact on next year, the prices of raw materials are fluctuating, so I cannot comment at this time.

Q4: Will the effects from reductions of selling expenses also be seen in the second half of this year?

Selling opportunities decrease as there are less raw material potatoes harvested, so we can expect to see higher profits due to reductions of selling expenses in the second half.

Q5: When will you implement price revisions overseas? And about how will the revision be?

Large manufacturers have already begun raising prices, and we have also initiated these negotiations. Prices will increase for some products and customers starting in the third quarter, but for many customers prices will be revised in the fourth quarter. We are negotiating to set prices that absorb our cost increases.

Q6: Why did you choose now to make changes to your shareholder return policy?

Since going public, we have produced shareholder returns by increasing our dividend. However, our standstill provision with PepsiCo, Inc. for shareholding ratio expired in 2019, giving us the option to execute share buybacks. We will execute share buybacks in a flexible manner while maintaining a stable dividend in order to utilize capital efficiently and boost our declining ROE.

END