



# Calbee Group Financial Results

Fiscal year ended March 31, 2022

April 1, 2021 – March 31, 2022

TSE code : 2229  
**Calbee, Inc.**  
2022.5.10

**1. FY2022/3 Financial results and FY2023/3 Full year forecast**

**Chisa Hayakawa, Managing Executive Officer and CFO**

**2. Calbee Group's Medium-term business plan Progress and Challenges**

**Shuji Ito, President and CEO**

# **FY2022/3 Financial results and FY2023/3 Full year forecast**

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**Chisa Hayakawa  
Managing Executive Officer and CFO**

**I . FY2022/3 Financial results**

**II . FY2023/3 Full year forecasts**

**III . Capital investment and Shareholder returns**

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Hello, everyone, I'm Hayakawa.

I will explain our business results for the fiscal year ended March 2022, our plans for the fiscal year ending March 2023, capital investment, and shareholder returns.



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 ended 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.

	FY2021/3	FY2022/3	FY2023/3
Gross sales Sales by product Sales by region	As before	As before	As before
Rebates deducted from sales	None (included in SG&A)	Certain selling expenses deducted from gross sales	Certain selling expenses deducted from gross sales
Net sales	None	Deducted certain selling expenses from gross sales	Deducted certain selling expenses from gross sales
Operating profit	As before	As before	As before
Operating margin	Calculated using gross sales as denominator	Calculated using gross sales as denominator *	Calculated using net sales as denominator

\* Comparisons to FY23/3 plan are calculated with net sales as the denominator

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Please see slide 4.

From the fiscal year ended March 2022, the Company applies the Accounting Standard for Revenue Recognition. Please refer to the definition of terms and details in this presentation material.

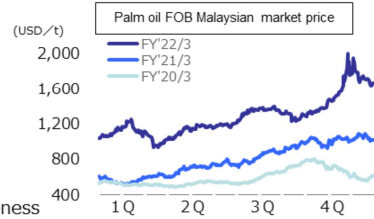
## **I . FY2022/3 Financial results**

## FY2022/3 Financial results



### Summary

- **Gross sales** Rose on strong sales overseas
- **Operating profit** Fell as price and content revisions were unable to compensate for the sharp rise in both domestic and overseas raw material and energy prices (impact of higher costs YoY: Domestic: -¥4.0bn, Overseas: -¥2.0bn)
- **Net profit** Rose on foreign exchange gains, gain on forgiveness of debt, etc.



(Billion yen)

	FY2022/3	FY2021/3	Change	FY2022/3 Revised forecast	vs. plan ratio
<b>Gross sales</b>	<b>278.0</b>	<b>266.7</b>	<b>+4.2%</b>	<b>276.0</b>	<b>100.7%</b>
Net sales	245.4	233.3	—	243.0	101.0%
<b>Gross domestic sales</b>	<b>213.6</b>	<b>213.6</b>	<b>-0.0%</b>	<b>212.5</b>	<b>100.5%</b>
Net sales	188.0	—	—	186.7	100.7%
<b>Gross overseas sales</b>	<b>64.4</b>	<b>53.1</b>	<b>+21.3%</b>	<b>63.5</b>	<b>101.5%</b>
Net sales	57.4	—	—	56.3	101.9%
<b>Operating profit</b>	<b>25.1</b>	<b>27.1</b>	<b>-7.1%</b>	<b>25.5</b>	<b>98.6%</b>
Operating margin (for gross sales)	* 9.0%	10.1%	-1.1pts	9.2%	-0.2pts
Domestic	23.2	24.7	-6.2%	23.3	99.4%
Overseas	2.0	2.4	-16.4%	2.2	90.1%
<b>Ordinary profit</b>	<b>26.9</b>	<b>27.5</b>	<b>-2.1%</b>	<b>26.0</b>	<b>103.6%</b>
Extraordinary income/loss	-0.2	-1.1	—	0.0	—
<b>Net profit **</b>	<b>18.1</b>	<b>17.7</b>	<b>+2.1%</b>	<b>17.5</b>	<b>103.2%</b>

\*Operating margin (for net sales) was 10.2%

\*\*Profit attributable to owners of parent

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Please see slide 6.

I will now explain the financial results for the fiscal year ended March 2022.

Gross sales increased by 4% YoY to JPY278 billion due to strong business, but operating profit declined by 7% YoY to JPY25.1 billion, as the effects of price and standard revisions failed to offset the impact of surging raw material and energy prices both in Japan and overseas.

The result was that it did not reach the planned value of JPY25.5 billion, which was revised when the financial results for the third quarter were announced. This was due to higher-than-expected raw material and energy prices resulting from the situation in Russia and Ukraine.

Net profit increased by 2% from the previous year to JPY18.1 billion due to a foreign exchange gain of JPY1.7 billion from the weaker yen, and a gain on debt forgiveness of JPY400 million.

## FY2022/3 Domestic business



- Gross sales**

**Rose in real terms, excluding the change in distribution of cereals for China**  
**(Snacks)** Sales rose as despite lower sales of *Potato Chips* due to a smaller potato harvest, we focused on selling products with new value and other snacks  
**(Cereals for domestic consumers)** Sales fell on the absence of last year's nesting demand  
**(Cereals for overseas export)** Sales fell by ¥2.1bn due to a change in distribution (on transfer of sales to Chinese subsidiary)  
**(Others)** Sweet potato business grew
- Operating profit**

Profit fell due to sharp rise in raw material and energy prices (-¥4.0bn) despite having controlled rebates for snacks due to the potato shortage

(Billion yen)

		FY2022/3	
			Change(YoY)
<b>Gross domestic sales</b>		<b>213.6</b>	<b>-0.0 -0.0%</b>
Snacks		176.9	+1.2 +0.7%
	<i>Potato Chips</i>	83.4	-3.2 -3.6%
	<i>Jagarico</i>	34.9	+0.3 +1.0%
	Products with new value/other snacks	58.6	+4.0 +7.4%
Cereals (for domestic consumers)		23.6	-1.2 -5.0%
Cereals (for overseas export)		1.1	-1.8 -62.4%
Others (Sweet potatoes, Potatoes, Services)		12.0	+1.8 +17.3%
Rebates deducted from sales		-25.6	- -
<b>Domestic operating profit</b>		<b>23.2</b>	<b>-1.5 -6.2%</b>
Operating margin		* 10.8%	-0.7pts -

\*Operating margin (for net sales) was 12.3%

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Please see slide 7.

I will now explain the results of our domestic business.

Gross sales were JPY213.6 billion, on par with the previous fiscal year. New value-added products, such as bean-based snack *miino* and the sweet potato business, offset the impact of the change of cereal distribution to a local subsidiary in China, and the decrease in sales due to lower potato yield.

Operating profit decreased by 6% from the previous year to JPY23.2 billion, due largely to a JPY4 billion rise in raw material and energy prices, which was offset by a decrease in sales promotion opportunities resulting from a shortage of potatoes, the effect of price and standard revisions, and other factors contributing to higher profits, including cost reductions.

The operating margin decreased by 0.7 percentage points to 10.8%.

## FY2022/3 Domestic business



### Snacks

#### Potato Chips/Jagarico:

Sales fell on product launch delays/cancellations and having controlled sales promotions, due to the smaller potato harvest

Additionally, implemented price/content revisions in January 2022 in response to sharp rise in both raw material and energy prices

#### Products with new value and other snacks:

Sales rose of bean-based snack *miino* on investment in TV commercials, and of *Potato Deluxe* on expansion of sales areas

Sales of gift snack items increased due to proactive promotion at events and product exhibitions

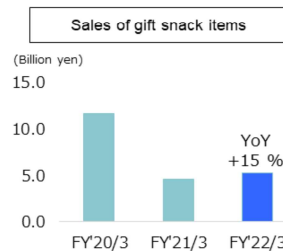
Other snacks saw a shift in demand on restrained sales promotions for *Potato Chips* and *Jagarico*



Calbee Plus, an antenna-shop, offers events on the train station premises



Calbee Plus's first kitchen car, Poterico car



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Please see slide 8.

Next, I would like to explain the status of our domestic business by product.

Snacks were divided between products with and without raw potatoes as an ingredient. Sales of *Potato Chips* declined by 4% due to the suspension or postponement of some product launches and curbs on sales promotions due to a shortage of raw materials. Sales of *Jagarico* increased by only 1%.

On the other hand, sales of products made from beans, wheat, and frozen potato dough increased due to aggressive proposals. In particular, the bean-based snack *miino*, for which TV commercials were aired, and *Potato Deluxe*, for which the sales area was expanded, contributed to sales.

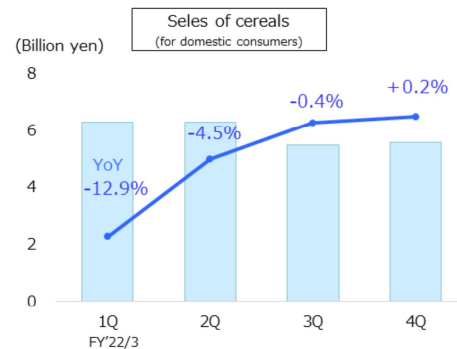
Sales of souvenir products increased due to the development of antenna store events and product store openings, although travel demand has not returned.

## FY2022/3 Domestic business



### Cereals

- H1 sales fell due to the absence of the previous year's nesting demand  
Recovered in H2 due to expanded lineup of medium-size products
- Continued strong sales of *Less Carbohydrates*, which have health appeal (+10% YoY)
- Share fell due to expansion of competitors' oatmeal



### Others

Sweet potato business: Expanded procurement and saw strong sales via wholesale, company-owned shop, and e-commerce channels



Potato Kaitsuka's original brand  
*Benitenshi*



Assorted gift box

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Please see slide 9.

Cereal sales declined by 5% due to a rebound in demand from the previous year's stay-at-home demand and growth in competitive oatmeal. The sales have been recovering since the second half of the fiscal year due to the enhancement of product lineups of medium-volume types, etc.

In the sweet potato business, the volume of procurement was steadily expanded, and wholesale sales, directly managed store sales, and e-commerce sales were all strong, resulting in an increase in revenues.

## FY2022/3 Overseas business



(Billion yen)

< Business results by region >	FY2022/3			
		Change(YoY)		Change ex. forex in %
<b>Gross overseas sales</b>	<b>64.4</b>	<b>+11.3</b>	<b>+21.3%</b>	<b>+12.1%</b>
North America	16.2	+1.7	+11.9%	+5.2%
Greater China	19.6	+4.5	+29.5%	+17.0%
United Kingdom	8.0	+1.5	+23.3%	+11.1%
Indonesia	6.2	+2.1	+51.9%	+40.4%
Other regions	14.5	+1.5	+11.8%	+5.5%
Rebates deducted from sales	-7.1	—	—	—
<b>Overseas operating profit</b>	<b>1.98</b>	<b>-0.39</b>	<b>-16.4%</b>	—
Operating margin	* 3.1%	-1.4pts	—	—
North America	-0.04	-0.67	—	—
Greater China	0.98	+0.36	+59.1%	—
United Kingdom	0.05	-0.11	-71.3%	—
Indonesia	-0.41	+0.10	—	—
Other regions	1.41	-0.07	-4.7%	—
< Gross sales by product >				
Snacks	56.4	+10.0	+21.4%	—
Cereals	8.1	+1.4	+20.6%	—

\*Operating margin (for net sales) was 3.5%

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Please see slide 10.

I will now explain the results of our overseas business.

Sales increased in all areas, with gross sales of JPY64.4 billion.

Revenue increased 21% in yen terms and 12% in local currency terms.

Operating profit decreased by 16% YoY to JPY1.98 billion, mainly due to soaring raw material prices.

## FY2022/3 Overseas business



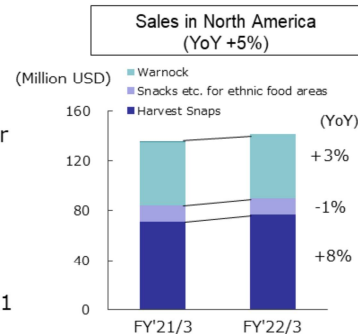
### North America

#### ■ Sales

- Sales of *Harvest Snaps* rose, mainly in dollar store channels
- Sales of snacks for ethnic foods area flat YoY due to container shortages
- Warnock PB sales grew but OEM sales struggled

#### ■ Operating profit

- Decreased due to lower ratio of high margin products
- Implemented price revisions sequentially from December 2021



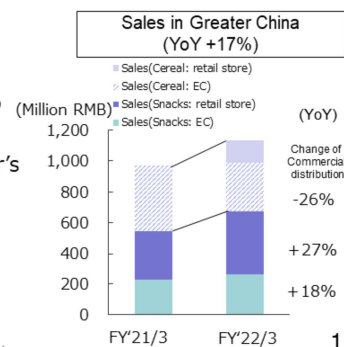
### Greater China

#### ■ Sales

- Strong sales of snacks such as *Jagabee* and *Honey Butter Chip* via both e-commerce and retail stores
- Sales of cereals via e-commerce fell in the absence of last year's nesting demand  
Sales to retail stores grew

#### ■ Operating profit

- Rose on higher sales



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Please see slide 11.

Now, let me explain each area.

In North America, sales increased by 5% on a local currency basis, mainly due to the growth of *Harvest Snaps* in the dollar store channels, but income declined by JPY600 million in Warnock due to a decline in the composition of high-margin PB and OEM products.

Although the impact of cost hikes was smaller in North America than in other regions, from December 2021, we are gradually revising standards for PB and OEM products with low-profit margins and passing on the cost increases to customers.

In Greater China, both sales and profit increased. In snack foods *Jagabee* and *Honey Butter Chip* continued to perform well, growing both in e-commerce and retail stores. Sales of cereals increased due to the expansion of sales to retail stores.



## FY2022/3 Overseas business



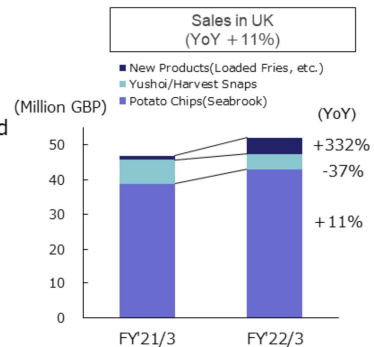
### UK

#### ■ Sales

- *Potato Chips* sales grew due to expanded distribution areas
- Snack sales rose due to start of distribution of Seabrook brand *Loaded Fries* and *Loaded Bites* to major retailers, etc.

#### ■ Operating profit

- Decreased due to higher raw material prices (cooking oil, packaging materials, etc.)
- Implemented price and content revisions in January 2022



### Indonesia

#### ■ Sales

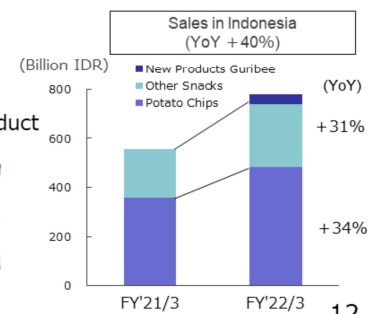
- *Potato Chips* sales grew on proactive promotional spending following a competitor's withdrawal
- Snack sales rose on firm sales of *Krisbee* and new-texture product *Guribee*

#### ■ Operating profit

- Higher sales and efficient allocation of rebates reduced operating loss



new-texture product Guribee



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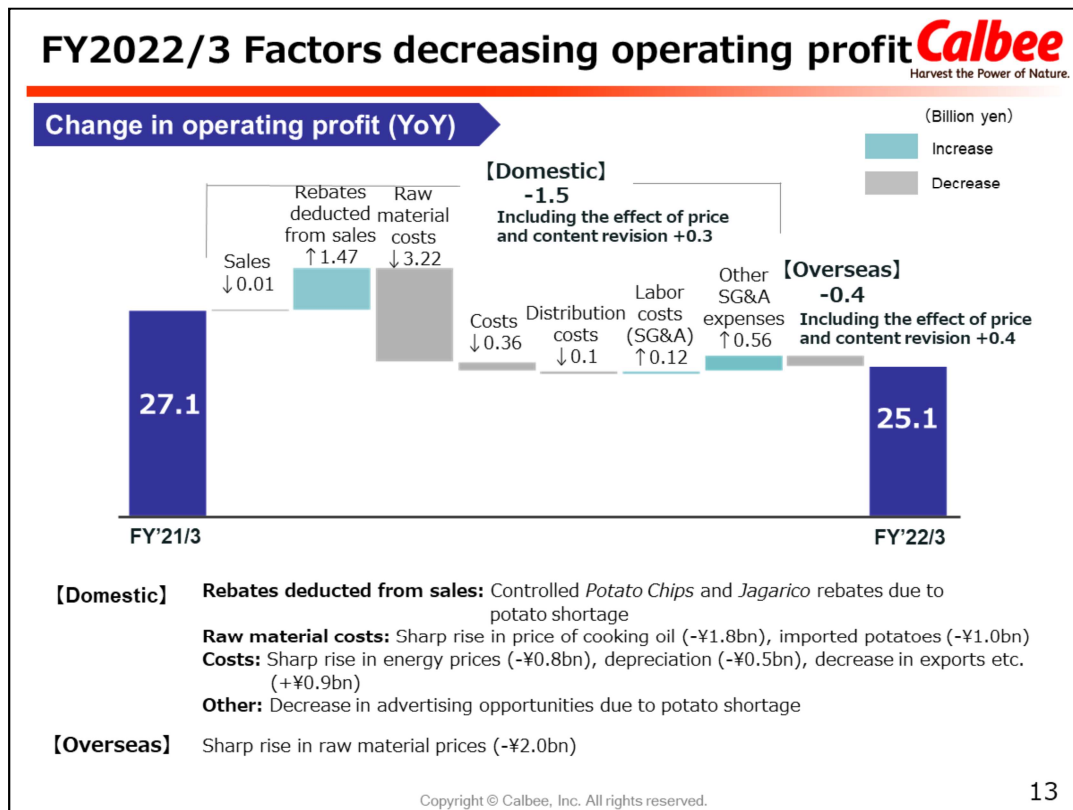
Please see slide 12.

In the UK, sales increased by 11% on strong sales of mainstay *Potato Chips* and corn-based snacks.

Operating profit decreased by JPY110 million due to higher prices of raw materials such as cooking oil and packaging materials. In response to rising costs, prices and standards have been revised since January 2022.

In Indonesia, sales of both *Potato Chips* and snacks were strong, increasing by 40%, and the operating loss narrowed by JPY100 million.

Sales of *Potato Chips* grew substantially as a result of aggressive promotions following the withdrawal of competitors. In addition to *Krisbee*, *Guribee*, a new texture product, contributed to sales growth in snacks.



Please see slide 13.

I will explain the factors decreasing operating profit.

Overall consolidated net sales decreased by JPY1.9 billion from the previous year to JPY25.1 billion.

In the domestic business, the effects of sales promotion restraints due to the potato shortage of JPY1.5 billion, and price and standard revision of JPY300 million could not offset a JPY3.2 billion rise in the price of raw materials, such as cooking oil and a JPY800 million rise in energy prices, resulting in a JPY1.5 billion decrease in profit.

In the overseas business, although there was an increase in sales and a JPY400 million effect of price and standard revision in North America and the UK, a JPY2 billion rise in raw material prices was significant, resulting in a JPY400 million decrease in earnings.

## **Ⅱ . FY2023/3 Full year forecasts**

## FY2023/3 Full year forecasts



### Summary

**In response to further rises in raw material and energy prices, we will implement price and content revisions as well as measures to grow profit.**

**We forecast a 9% increase in sales and a 1% increase in operating profit**

Expect impact from sharp rise in raw material and energy prices (Domestic: -¥9.0bn, Overseas: -¥3.2bn YoY)  
(Billion yen)

	FY2022/3 Results	FY2023/3 Forecasts	Change	YoY
Gross sales	278.0	304.0	+26.0	+9.3%
<b>Net Sales</b>	<b>245.4</b>	<b>268.0</b>	<b>+22.6</b>	<b>+9.2%</b>
Gross domestic sales	213.6	226.4	+12.8	+6.0%
<b>Net Sales</b>	<b>188.0</b>	<b>199.5</b>	<b>+11.5</b>	<b>+6.1%</b>
Gross overseas sales	64.4	77.6	+13.2	+20.4%
<b>Net Sales</b>	<b>57.4</b>	<b>68.5</b>	<b>+11.1</b>	<b>+19.4%</b>
<b>Operating profit</b>	<b>25.1</b>	<b>25.5</b>	<b>+0.4</b>	<b>+1.4%</b>
Operating margin (for net sales)	10.2%	9.5%	-0.7pts	-
Domestic	23.2	21.7	-1.5	-6.3%
Overseas	2.0	3.8	+1.8	+91.7%
<b>Ordinary profit</b>	<b>26.9</b>	<b>25.0</b>	<b>-1.9</b>	<b>-7.2%</b>
Extraordinary income/loss	-0.2	-0.5	-0.3	-
<b>Net Profit*</b>	<b>18.1</b>	<b>15.5</b>	<b>-2.6</b>	<b>-14.1%</b>

\*Profit attributable to owners of parent

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Please see slide 15.

I will now explain the full-year forecasts for the fiscal year ending March 2023.

The impact of cost increases expected in the fiscal year ending March 2023 is JPY12.2 billion. This is almost double the JPY6 billion level of the previous year. We will pass on cost increases to prices both in Japan and overseas.

At the same time, we will launch products and implement promotions to maintain and expand sales volume, aiming for a 9% increase in sales, and a 1% increase in operating profit.

## FY2023/3 Full year forecasts Domestic business



(Billion yen)

		FY2023/3		
			Change(YoY)	
<b>Gross domestic sales</b>		<b>226.4</b>	<b>+12.8</b>	<b>+6.0%</b>
Snacks		187.9	+11.0	+6.2%
	<i>Potato Chips</i>	92.2	+8.8	+10.5%
	<i>Jagarico</i>	36.7	+1.8	+5.2%
	Products with new value/other snacks	59.0	+0.4	+0.7%
Cereals		25.0	+0.3	+1.2%
Others (Sweet potatoes, Potatoes, Services)		13.5	+1.5	+12.3%
Rebates deducted from sales		-26.9	-1.3	+5.3%
<b>Net sales</b>		<b>199.5</b>	<b>+11.5</b>	<b>+6.1%</b>
<b>Operating profit</b>		<b>21.7</b>	<b>-1.5</b>	<b>-6.3%</b>
Operating margin (for net sales)		10.9%	-1.4pts	—

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Please see slide 16.

In the domestic business, operating profit is expected to decrease by 6% because the effect of the revision will mainly occur in the second half of the year, although the effect of the price and standard revision, and the increase in sales due to higher volume, is expected.

## FY2023/3 Full year forecasts Domestic business Key initiatives



### Domestic core business

- In response to sharp increases in raw material and energy prices conduct price and content revisions in all product categories to ensure revenue
- Strengthen promotions and launch more new items to avoid reduction in sales volume due to revisions
- Aim to improve product mix on the recovery of gift snack items and launch of high value-added items
- Launched new product *Baked Oats* in April 2022 in response to higher demand for oatmeal; aim to capture share in the oats market



### New businesses

- Sweet potato business
  - Aim to leverage synergies with the Group, expand procurement areas and raise production capacity to match increased procurement
  - Aim to increase sales in core wholesale, as well as in company-owned shop and e-commerce channels



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Please see slide 17.

I will now explain the key initiatives of our domestic business.

For snacks and cereals, we will implement price and standard revisions in all product categories, including those revised in the fiscal year ended March 2022.

In order to avoid a drop in sales volume due to the revision, we will strengthen promotions such as TV commercials, and launch additional new products.

We will also seek to improve the product mix by recovering the highly profitable souvenir business and launching high-value-added products.

Cereals will be responding to the growing demand for oatmeal by launching a new product, *Baked Oats*, this April, with the aim of capturing market share.

The sweet potato business, which is performing well, will continue to strengthen both purchasing and sales.

## FY2023/3 Full year forecasts Overseas business



(Billion yen)

Business results by region	FY2023/3		
		Change(YoY)	
<b>Gross overseas sales</b>	<b>77.6</b>	<b>+13.2</b>	<b>+20.4%</b>
North America	18.3	+2.1	+13.1%
Greater China	26.3	+6.7	+34.4%
Other regions	33.0	+4.3	+15.0%
Rebates deducted from sales	-9.1	-2.0	+28.7%
<b>Net Sales</b>	<b>68.5</b>	<b>+11.1</b>	<b>+19.4%</b>
<b>Overseas operating profit</b>	<b>3.8</b>	<b>+1.82</b>	<b>+91.7%</b>
Operating margin (for net sales)	5.5%	+2.1pts	—
North America	0.45	+0.49	—
Greater China	2.08	+1.10	+112.1%
Other regions	1.28	+0.23	+21.8%

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Please see slide 18.

In the overseas business, we project a 19% increase in sales and operating profit of JPY3.8 billion, almost double the previous year's figure, due to the expected effect of increased sales from higher volume and revised prices and standards.

## FY2023/3 Full year forecasts Overseas business Key initiatives



Implement price and content revisions in all regions with the aim of increasing profit beyond the impact of higher costs

### North America

- For *Harvest Snaps*, enhance product lineup and expand sales outlets
  - In products for ethnic foods areas, strengthen the Japanese Calbee brand and launch North America original brands
  - Expand Warnock's PB and OEM business
- In addition, improve revenue by increasing ratio of high margin products



North America original brand

### Greater China

- In snacks, enter the baby and kids' market in a full-scale with our strong "safe and secure" brand image, and enhance product lineup
- Leverage existing Chinese domestic facilities to promote sales of *Potato Chips* which are priced for middle class consumers
- In cereals, grow customer base by making *Frugra Less Carbohydrates* and other regular products and expanding sales areas
- Begin production of muesli for middle class consumers by leveraging OEMs in China



For babies & kids



For middle class consumers

### Other Regions

- In the UK, expand distribution region for *Potato Chips* and introduce *Harvest Snaps* at major retailers
  - In Indonesia, cultivate new customers through renewal of *Potato Chips* and new flavor launches
- Proactively develop *Guribee*, which has a high margin

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Please see slide 19.

Overseas business, we plan to revise prices and standards in all areas, aiming to increase profits beyond the impact of soaring costs.

In North America, we will place the highest priority on improving Warnock's profitability. We aim to increase sales and profits by acquiring new PB and OEM products and increasing the composition ratio of high-margin products.

We will further strengthen *Harvest Snaps*, which has been steadily expanding its sales and introduce our original brand in North America to the ethnic food market by combining Warnock's production capacity with Calbee's processing technology.

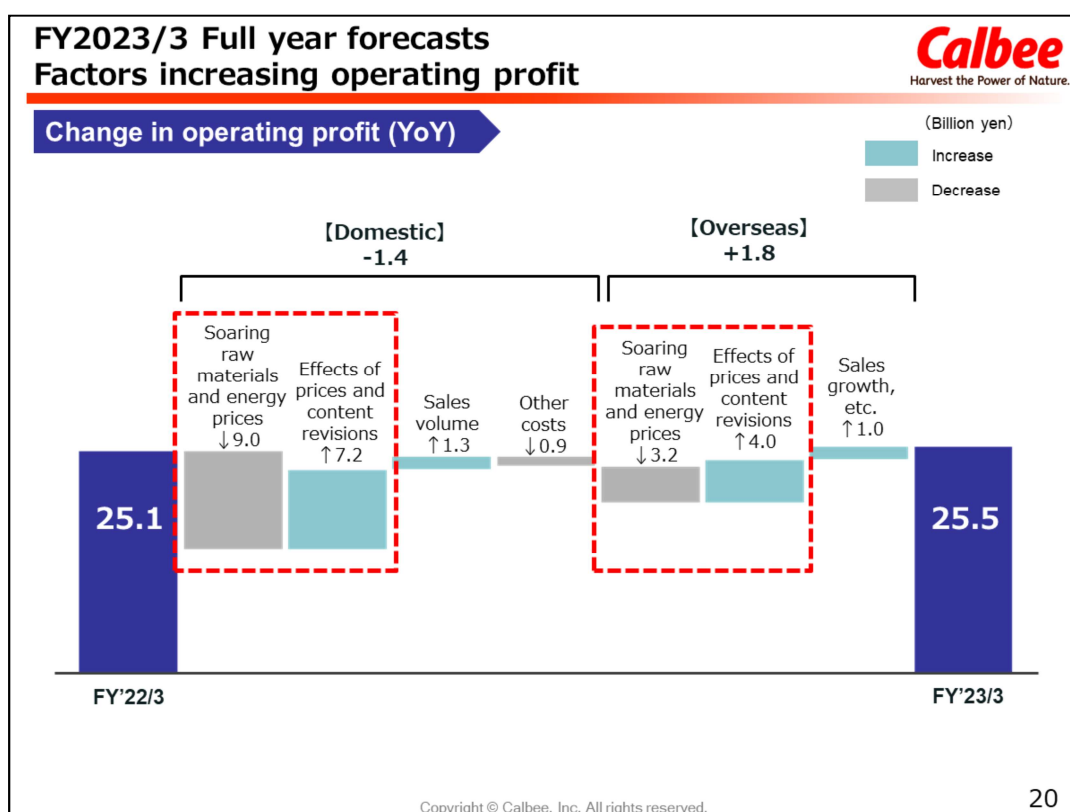
In Greater China, we will strengthen our lineup of baby and kids' snacks, mainly for affluent customers.

For the middle class, the center of consumption, we will strengthen *Potato Chips* and muesli by utilizing existing local facilities and OEMs.

In the UK, we will expand the distribution area and introduce the service to major distributors.

In Indonesia, we will continue to strengthen *Potato Chips* and improve profitability through aggressive development of high-margin *Guribee* products.





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The factors that contributed to the increase in operating profit are divided into cost increase effects, price/standardization effects, and other factors.

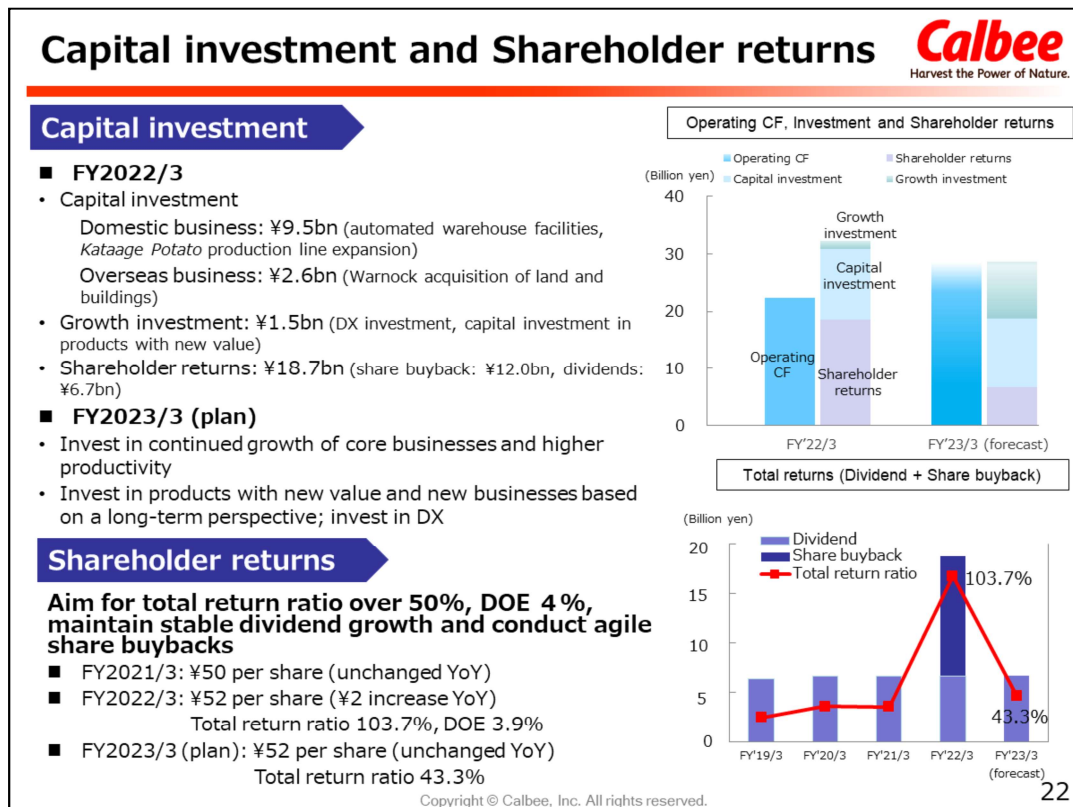
In the domestic business, with a cost increase of JPY9 billion, plus JPY7.2 billion in revision effects, and JPY400 million in other profit-increasing effects, the forecast is for a JPY1.4 billion decrease in profit.

In the overseas business, we forecast an increase of JPY1.8 billion in profit, based on a JPY3.2 billion cost increase, a JPY4 billion effect of the revision, and a JPY1 billion effect of other factors, including an increase in sales.

We expect the effects of domestic prices and revisions to be felt mainly from the second half of the year, and gradually from the second quarter overseas, although the timing will vary by region.

Please refer to page 40 of the reference materials for the usual increase/decrease factors.

### **Ⅲ. Capital investment and Shareholder returns**



Please see slide 22.

Lastly, I would like to explain the capital investment and shareholder returns.

Total capital investment for the fiscal year ended March 2022 was JPY13.6 billion, which was invested in production capacity expansion in Japan and overseas, DX investment, and new businesses.

In addition to dividends, shareholder returns were provided through a share buyback of JPY12 billion.

In the fiscal year ending March 2023, we will continue to strengthen our core businesses in Japan and overseas, and aggressively invest in DX and new businesses.

The dividend per share for the fiscal year ended March 2022 will be JPY52 per share, as initially planned.

The Company plans to pay a dividend of JPY52 per share for the fiscal year ending March 2023, the same amount as in the previous fiscal year.

## FY2024/3 Management target 5years operating cash flow allocation



- In addition to capital investment, allocate resources to new businesses and growth investment with a medium- to long-term perspective
- Proactively and continuously implement shareholder returns to raise capital efficiency

### 《5years FY2020/3~FY2024/3》

<b>Operating cash flow</b> Approx. ¥ 150.0bn	<b>Capital Investment</b> Approx. ¥ 60.0bn	<ul style="list-style-type: none"> <li>Invest to continually grow/raise productivity in domestic core businesses and strengthen overseas production structure</li> </ul>
	<b>Growth Investment</b> Approx. ¥ 80.0bn	<ul style="list-style-type: none"> <li>Invest in new businesses, M&amp;A, etc., to acquire foundation for growth</li> <li>Invest in intangible assets towards medium- to long-term growth (R&amp;D, human resources, promotion of DX, etc.)</li> </ul>
	<b>Shareholder Returns</b> ¥ 50.0bn or more	<ul style="list-style-type: none"> <li>Aim for total return ratio over 50%, DOE 4 %, maintain stable dividend growth and conduct agile share buybacks</li> </ul>
<b>Cash on hand and others</b>		

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Please see slide 23.

We will explain our five-year cash allocation based on our medium-term business plan.

The policy and amount of shareholder returns have been changed from those previously presented.

The previous plan, to allocate JPY40 billion to shareholder returns with a target payout ratio of 40% or more, has been changed to a plan to allocate more than JPY50 billion, by steadily increasing dividends and flexibly implementing share buybacks, with a target total return ratio of 50% or more, and a DOE of 4%.

There will be no change in the amount or details of capital investment and growth investment.

That's all for my explanation.

Thank you very much.

# **Calbee Group's Medium-term business plan Progress and Challenges**

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**Shuji Ito**  
**President and CEO**

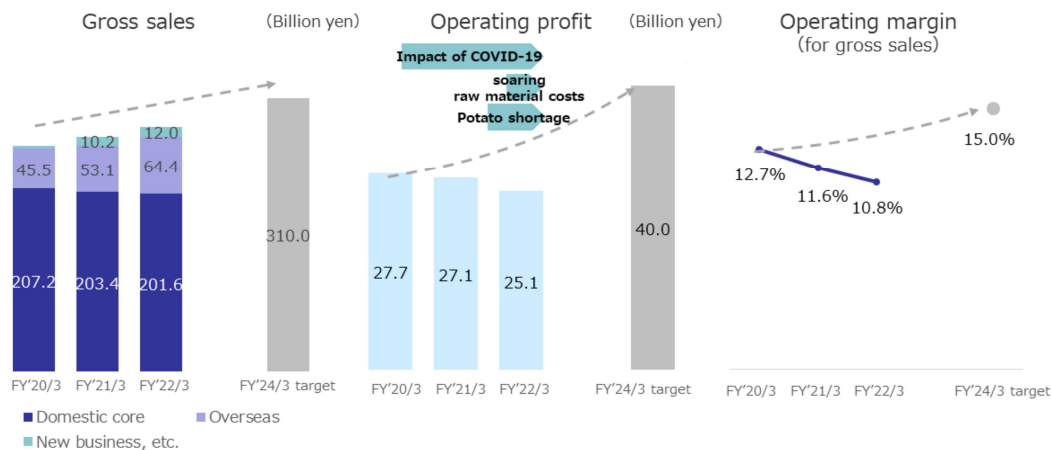
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## Medium-term business plan progress



- Steady progress in sales due to expansion of overseas business and entry into the sweet potato business
- Profit progress has been substantially delayed due to external factors including the COVID-19 pandemic, soaring raw material costs and a potato shortage



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Hello everyone, this is Ito.

Next, I would like to talk about our medium-term business plan.

Please see slide 25.

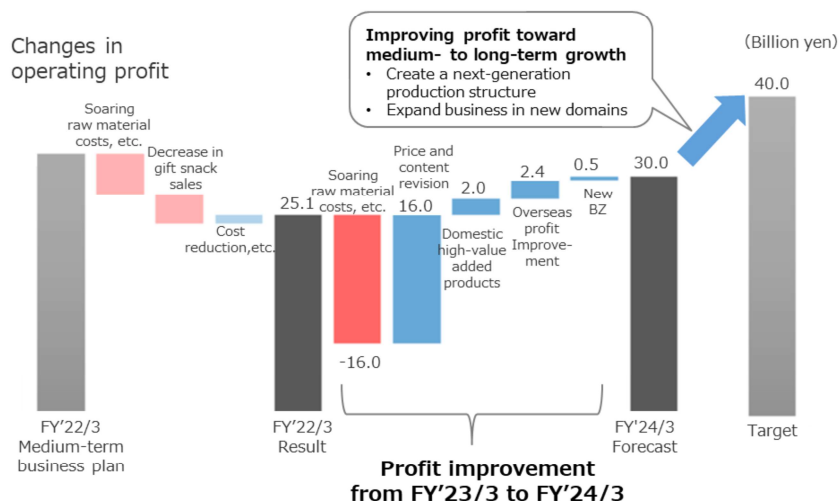
We have just finished three years of the five years of our medium-term business plan, which we announced in 2019. We are making steady progress toward our sales target of JPY310 billion for the five-year plan, thanks to the expansion of our overseas business and the sweet potato business as our entry into a new business.

On the other hand, in terms of profitability, the impact of the coronavirus, soaring raw material costs, and a shortage of potatoes due to high temperatures in Hokkaido last year, have caused profit margins, especially in Japan, to diverge from the target line.

## Medium-term business plan: Policy for improving operating profit



- Aim to improve profitability by flexibly implementing price and content revisions in response to rising raw material costs, etc.
- Work to build a foundation for overseas business and new food domains, which will be axes for future growth



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As Ms. Hayakawa reported earlier, we have set an operating profit target of JPY25.5 billion for the fiscal year ending March 2023. Here, I would like to explain the situation over the next two years.

For the fiscal year ended March 2022, we made JPY25.1 billion, so the gap between the previous year's result and the current year's result is the cost of raw materials and the decrease in profit due to the decline in sales of souvenir products. This is the main reason for the difference.

For this fiscal year and the next, we expect a total of JPY16 billion over the two years for increases in the cost of raw materials and other costs. In response to this, our basic policy is to pass on the cost increases in raw materials and other costs to the prices, so we will achieve a total effect of JPY16 billion in revisions over the next two years, plus new and high value-added products in Japan and improved earnings overseas. In addition, we are projecting earnings from our new business of JPY30 billion for the fiscal year ending March 2024 on a business basis.

Since we originally planned for JPY40 billion, we plan to implement other measures, but we would like to proceed with the JPY40 billion goal over the next several years after 2024. Now, although there are changes in the business environment due to the current problems in Ukraine, we are beginning to build a next-generation production system. We also plan to expand our business overseas, which is a priority issue, and in new food domains.

## Medium-term business plan: Key initiatives (domestic core business)

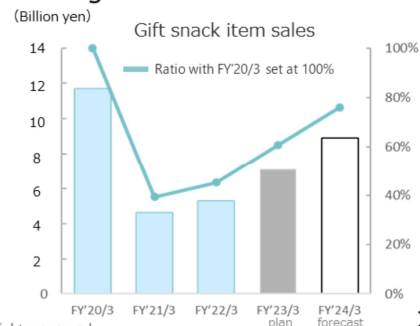


### Improve profitability through dynamic price and content revisions

- Counter soaring raw material and other costs by passing increases on through dynamic price/content revisions in all categories
- Introduce new standard products and others to avoid impact from volume reductions due to revisions

### Develop products with new value and promote high value-added products

- Strengthen development of products with new value that meet the demands of changing consumer behavior
- Restore sales of gift snack items and promoting sales measures that do not rely on tourism demand



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Slide 27 shows the policies for the current and next fiscal year for our core domestic business.

First of all, for our domestic business, we will promptly implement dynamic price and content revisions in response to this sharp rise in raw material prices, as this is the root of our earnings.

Recovering this profit is based on the speed of implementation in a reasonable manner. However, there is also the risk of a decline in volume if prices are simply raised. So, in order to avoid such a risk, in addition to the price increase for current products, we will also promote proposals for newly planned products requested by our clients.

We will also add promotions, aggressively propose products in new product categories, and take measures this year and next to ensure that the sales volume does not drop. This will ensure that profitability is restored. Plus, we will promote the development of new value products in addition to existing price increases. We will also launch value-added products that are health-conscious, "craft"-preference, and SDGs-oriented, and we will strengthen the development of these types of products as well.

On the other hand, with regard to the recovery outlook for the high revenue source of gift products, After all, regarding customers from overseas to Japan, we do not assume that they will return 100%. Therefore, we have started a new sales method that does not rely on tourism demand, and our basic policy is to further promote new sales destinations and to expand new souvenir products and merchandise.



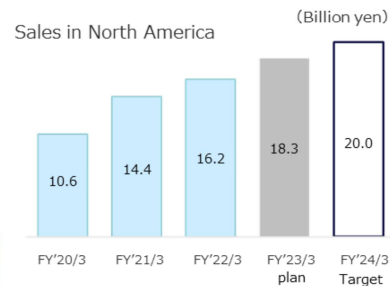
## Medium-term business plan: Key initiatives (overseas business)



### Strengthen revenue base in North America

#### Once more strengthen *Harvest Snaps* and introduce new BFY products

- Expand *Harvest Snaps* variations and increase sales outlets
- Introduce new products leveraging Warnock production facilities and Calbee's R&D capabilities



#### Strengthen sales in ethnic food areas

- Capture growth opportunities in ethnic food areas (Asian supermarkets)
- Expand brands originating from Japan such as *Jagarico* and *Kappa Ebisen*



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Next, slide 28 shows the priority measures for Overseas business.

The first is North America. In North America, there are issues, such as the need to strengthen the earnings base.

*Harvest Snaps* has been on the market for many years, but we would like to re-emphasize *Harvest Snaps* in the Better For You genre, as this is a market with a high growth rate. Currently, the US market is experiencing inflation, and the Better For You snack genre is a relatively affordable product in that relative market. Again, we will appeal to the characteristics of these products.

At the same time, the Company will also propose new products for *Harvest Snaps* in new genres. We will need to do so and will proceed.

We have set a medium-term sales target of JPY20 billion for North America, and we believe that this target will be achieved almost as planned.

In the US market, the ethnic market, which is also a niche market, has been growing rapidly since last year and is expanding within the market. Since the growth rate of this market is also higher than that of the general snack market, we expect to be able to develop the ethnic market and the Better For You market over the next two years and expand them into the main snack market.

In the ethnic market, we plan to focus on the *Jagarico* and *Kappa Ebisen* brands in Japan.

## Medium-term business plan: Key initiatives (overseas business)



### Expand products in Greater China and ASEAN and augment production facilities

#### Enhance product lineup centered on appeal to middle-class consumers

**Potato-based snacks**  
Pursue Calbee brand recognition and value from product differentiation

**Cereals**  
Launch in *Frugra* functional product line-up and products targeting the middle class

**Snacks for kids**  
Grow by leveraging the strength of our safe and secure brand image



#### Enhance production/development capabilities in the region

Augment production facilities and utilize OEMs near China (Thailand, Indonesia, Hong Kong, etc.)

Sales in Greater China (Billion yen)



Product supply facilities for mainland China



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Next, on slide 29, I will explain our business in Greater China and ASEAN.

As Ms. Hayakawa reported earlier, the demand for the snack business has been increasing in the Greater China region. In this environment, we would like to quickly expand our brand in the Chinese market through various variations of potato-based snacks, cereals, and snacks for kids.

In the potato-based snacks business, in addition to the already popular *Jaga Pokkuru* and *Jagabee* brands, we are now developing *Jagarico*, a Japanese brand of *potato chips* for the middle class, and *Honey Butter Chip*, a hit in Korea, which is becoming very popular in the Chinese market. We will also develop these products, as they are becoming very popular in the Chinese market.

In cereal products, in addition to the development of highly functional products, we will also develop low-end muesli products through local OEM production in China.

In the Greater China and ASEAN region, the challenge is how to increase production volume, but we will take measures to meet this demand by strengthening our production bases in Thailand, Indonesia, and Hong Kong, where we currently supply our products. At the same time, we will take measures, such as aggressively responding to this demand, by fully utilizing OEMs in China and other countries.

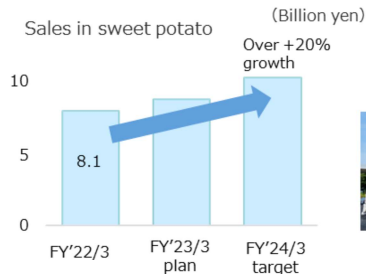
## Medium-term business plan: Key initiatives (new businesses)



### Develop business in new food domains at natural ingredients' point of origin

#### Expand sweet potato business

- Advance augmentation of procurement area/production facilities
- Enhance company-owned shop and e-commerce sales
- Promote overseas expansion



Potato Kaitsuma's company operated store

#### Develop new business at ingredients' point of origin

Focus on new business development in beans and oats following the sweet potato business

<Image of product development>

Snacks

Drinks

Breakfast, staple food, etc



Aim to accelerate business development through M&A/alliances that seize on growth opportunities

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Next, slide 30 is about new projects.

Among the new businesses, one that is showing great promise for expansion is the development of a new food business based on natural ingredients.

In the sweet potato business, sales have been growing steadily, even under these market conditions in Japan. So, we will speedily increase the number of regions where we purchase production facilities.

In terms of sales, we will strengthen sales at directly managed stores with high-profit margins and through e-commerce.

We have also begun to conduct overseas business on a trial basis, with very good results, and we intend to promote overseas expansion, including sales, purchasing, and production at the earliest opportunity.

In the area of natural ingredients, we are currently working on the sweet potato business, and are developing new businesses related to sweet potatoes, beans, and oats, which we produce and use the largest amount of in Japan.

In terms of genres, as you can see here, we are developing a wide range of snacks, beverages, and then breakfast and staple foods. This will also be pursued within one year or two years. As a way to strengthen these products, both oats and beans are highly regarded in the market for health-consciousness, so we would like to move forward with this area as soon as possible.

We are also conducting various trials for other products. We intend to accelerate business development in new businesses through M&A and alliances by seizing growth opportunities.

**In conclusion:**

**Towards implementing the Medium-term business plan**



**Future policy**

- **Dynamic price/content revisions in response to higher raw material costs**
- **Invest management resources in North America, Greater China and ASEAN**
- **Enhance development of business in new food domains at ingredients' point of origin**

**Put Calbee Group back on a growth trajectory towards achieving our 2030 Vision**



**Calbee in 2030**

Establish our pivotal growth drivers in overseas and new food domains

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Finally, our policy for the next two years is, first of all, to take prompt and careful action to deal with the high cost of raw materials, and to bring the Company to a state where it can secure profits at the base of profitability, which is very important.

In addition to this, we would like to invest our management resources where we have an advantage in overseas markets.

In the new food domains, we will continue to promote our successful ingredient-based business and quickly return to a long-term growth trajectory toward 2030 in order to achieve business growth.

We look forward to your continued support.

That's all from me. Thank you very much.

## Reference material

For detailed figures for sales by product, sales by overseas country/region, etc., please refer to FY2022/3 Supplementary Information.  
<https://www.calbee.co.jp/en/ir/library/shiryou/>

**Consolidated profit and loss statement**  
**(FY2022/3 financial results and FY2023/3 full year forecasts)**



(Million yen)

	FY2022/3				FY2023/3 Forecast		
		Percent of total (%)	Change (YoY) (%)	vs. plan Ratio* (%)		Percent of total (%)	Change (YoY) (%)
Net sales	245,419	100.0	—	101.0	268,000	100.0	+9.2
Gross profit	83,954	34.2	—	99.6	89,700	33.5	+6.8
SG&A	58,818	24.0	—	100.0	64,200	24.0	+9.1
	Selling	8,278	3.4	—	10,600	4.0	+28.0
	Distribution	20,044	8.2	+4.1	21,000	7.8	+4.8
	Labor	19,584	8.0	+1.4	20,900	7.8	+6.7
	Others	10,911	4.4	+2.8	11,700	4.4	+7.2
Operating profit	25,135	10.2	-7.1	98.6	25,500	9.5	+1.4
Ordinary profit	26,938	11.0	-2.1	103.6	25,000	9.3	-7.2
Extraordinary income/loss	-190	—	—	—	-500	—	—
Net profit**	18,053	7.4	+2.1	103.2	15,500	5.8	-14.1

\* Revised plan as of third quarter of the fiscal year ended March 2022

\*\*Profit attributable to owners of parent

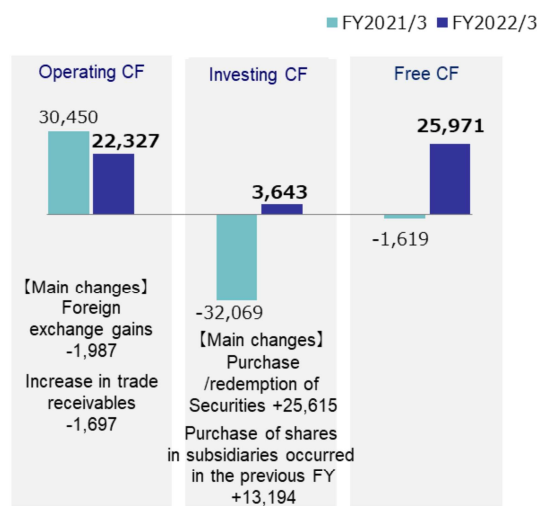
## Cash flows and financial condition



(Numbers in parentheses are change from March 31, 2021)

### ■ Consolidated cash flows

**Cash and cash equivalents** (Million yen)  
 March 31, 2021 47,282 ▶ **March 31, 2022 49,670**  
 (+2,388)



### ■ Consolidated balance sheets

**As of March 31, 2022** (Million yen)  
**Total assets 236,598** (-2,379)

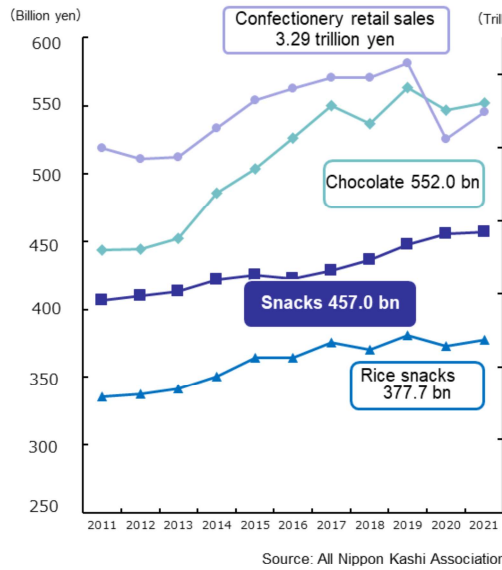
<b>Current assets</b>	115,171	<b>Current liabilities</b>	42,259	<b>【Main changes】</b>
	(-8,305)		(-325)	
<b>【Main changes】</b>	Securities -14,899	<b>Non-current liabilities</b>	10,881	<b>【Main changes】</b>
			(-2,771)	
<b>Non-current assets</b>	121,427	<b>Net assets</b>	183,458	<b>【Main changes】</b>
	(+5,925)		(+718)	
<b>【Main changes】</b>	Property, plant and equipment +5,699	<b>Retained earnings</b>	+10,733	
		<b>Treasury shares</b>	-11,913	
		<b>Long-term loans payable</b>	-3,166	
		<b>Short-term loans payable</b>	-1,468	

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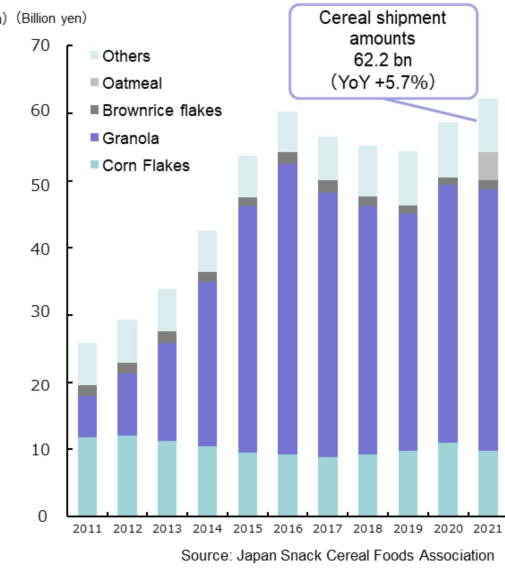
## Domestic market



### Domestic confectionery market



### Domestic cereal market

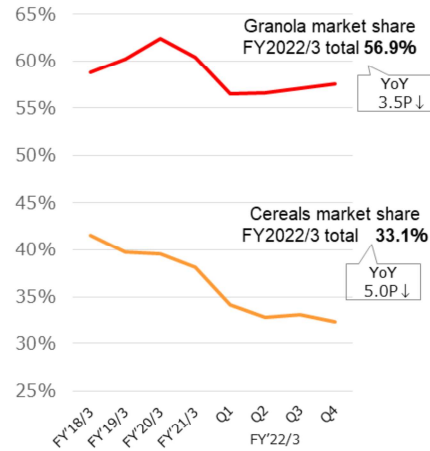
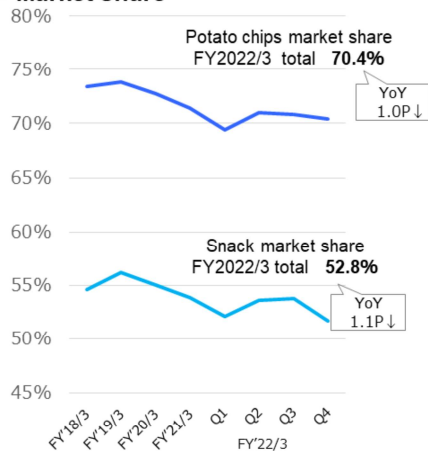




## Domestic market share



### ■ Market share\*



### ■ Market share by snack category\*\*

	Potato-based snacks	Flour-based snacks	Corn-based snacks	Bean-based snacks
FY2022/3 (YoY)	73.5% (1.3P ↓)	54.8% (0.5P ↓)	22.3% (1.1P ↓)	55.2% (7.7P ↑)

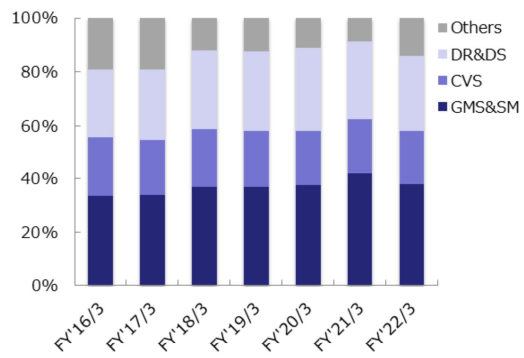
\* From FY2021/3 Intage's SRI+ has changed how it conducts planning and estimation; prior figures have been revised to reflect the new method.

\*\* Source: Intage SRI+ based on sales (nationwide, all retail formats)  
FY2022/3: April 2021 – March 2022  
FY2018/3 FY2022/3: April 2017 – March 2022  
Snack foods: potato-based snack, corn-based snack, bean-based 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  
Potato-based snacks: Raw material of fresh potatoes  
Flour-based snacks: Raw material of flour  
Corn-based snacks: Raw material of corn  
Bean-based snacks: Raw material of bean

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## Domestic business status

### ■ Sales composition by business

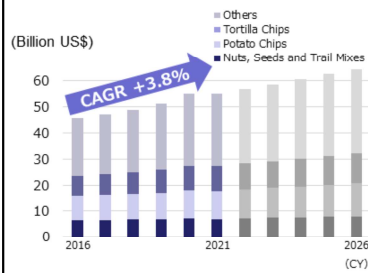


\* Calbee alone (manufacturer shipped goods basis)

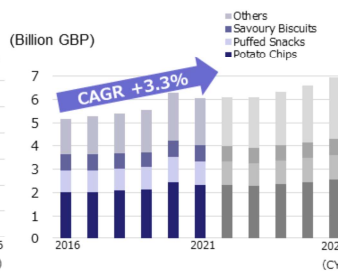
## Overseas market by country



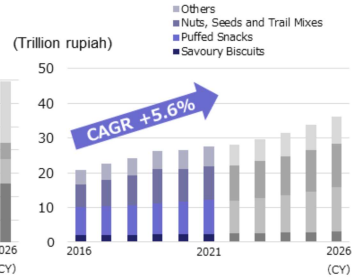
### ■ USA snack market



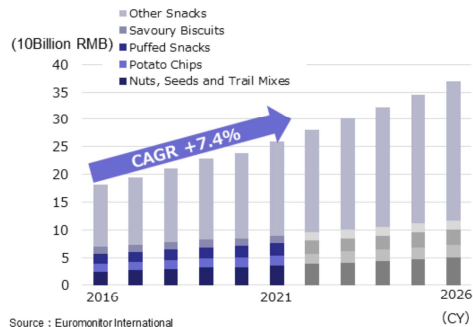
### ■ UK snack market



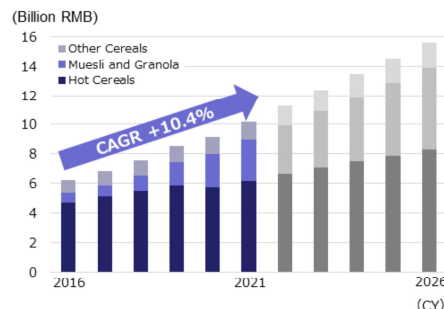
### ■ Indonesia snack market



### ■ China snack market



### ■ China cereal market (For retail store sales)



Source : Euromonitor International

Category : Snack (Savoury Snacks : Nuts, Seeds and Trail Mixes, Salty Snacks, Savoury Biscuits, Popcorn, Pretzels, Other Savoury Snacks) Cereal : Breakfast Cereals (Hot Cereals, RTE Cereals) 2022-2026 Forecast

\* The aggregation range of the Chinese snack market has been changed from the fiscal year ended March 2022.

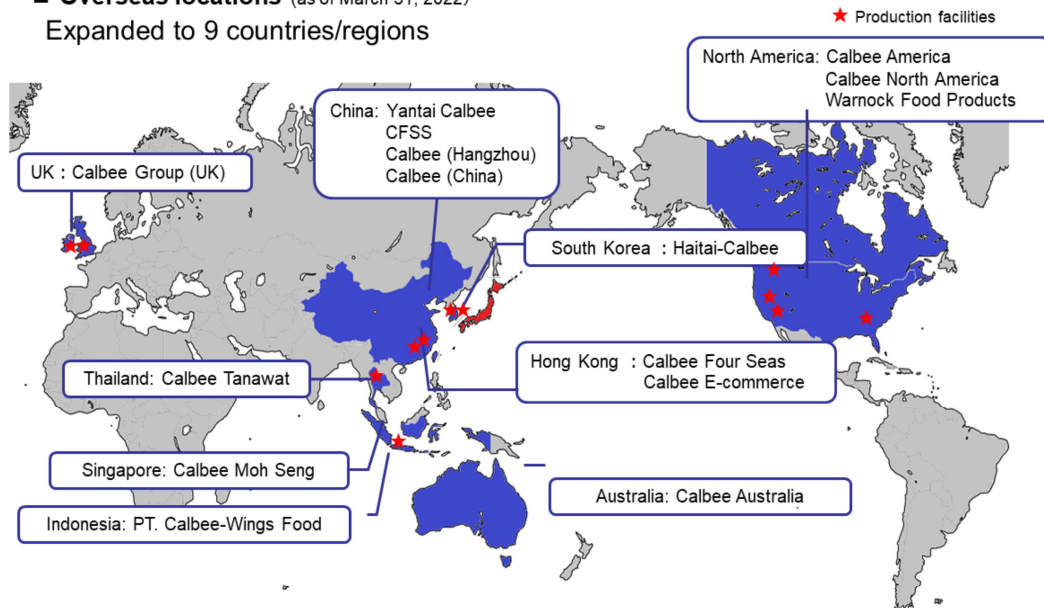
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## Overseas business status



### ■ Overseas locations (as of March 31, 2022)

Expanded to 9 countries/regions



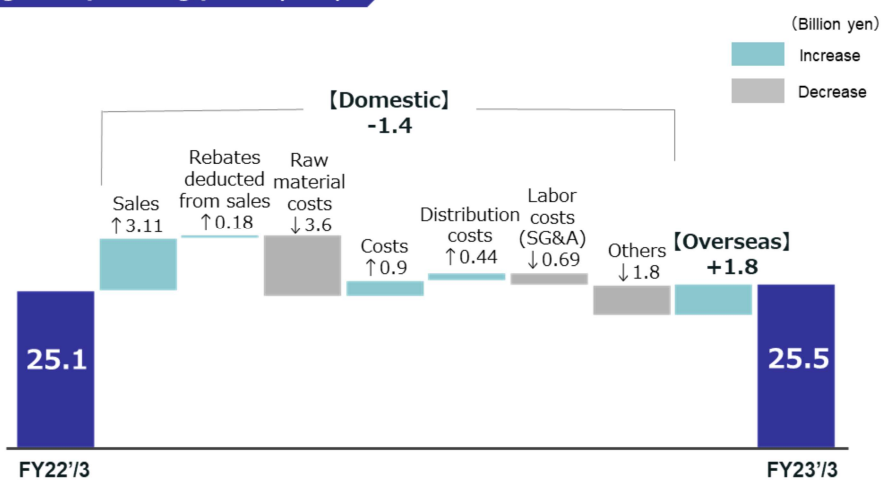
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## FY2023/3 Full year forecasts Factors increasing operating profit



### Change in operating profit (YoY)



## Medium-term business plan progress (Non-financial indices)



	FY'20/3	FY'21/3	FY'22/3	FY'24/3 (Targets)
Salt equivalent in products (compared with FY'19/3)	-1.8%	-5.4%	-6.9%	20% reduction
Protein-rich product sales ratio	4.1%	4.8%	5.8%	10%
Female manager ratio	20.4% (as of '20/4)	21.8% (as of '21/4)	23.3% (as of '22/4)	Over 30%
Domestic Procurement volume of potatoes	373K tons	342K tons	319K tons	400K tons*
Food communication Participants (accumulated number in 5 years)	77K people	108K people	164K people	400K people
Product Food losses (compared with FY'19/3)	-20%	+74%	-12%	20% reduction
Greenhouse gas emissions	+1.4%	+0.6%	—	30% Reduction*

\*Target achievement year: FY'31/3

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# Sustainability initiatives



## Initiatives to support sustainable growth

Create social and economic value through a sustainable, virtuous cycle, continually advancing initiatives for materiality key themes with a long-term perspective

### Reductions of greenhouse gas emissions



Kiyohara Smart Energy Center  
(Received the FY2021 Energy Conservation Grand Prize Minister of Economy, Trade and Industry Award)

Besides smart energy, advance shift to CO<sub>2</sub> free electricity derived from renewable energy sources

**30% reduction by 2030**  
(Scope 1, 2, 3, vs. FY2019)

### Switch to RSPO-certified oil



Began buying RSPO-certified oil (mass balance calculation) from July 2021

In FY2022 all domestic Group factories to use certified palm oil only

**Use 100% certified oil by 2030**

### Reduction of petroleum-derived plastic packaging



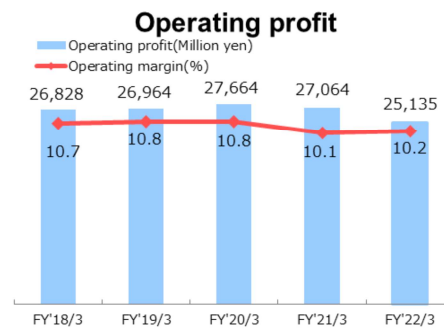
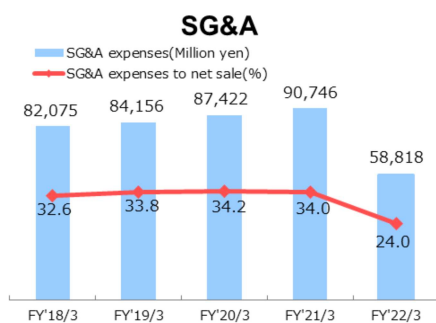
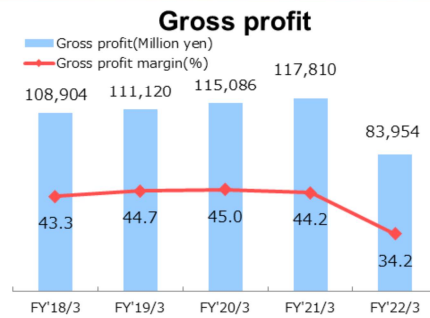
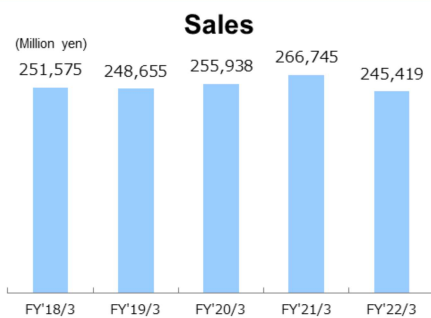
Products using biomass PET

For packaging, advance use of biomass PET, switch to biomass ink, etc.

**Use Environmentally Conscious raw materials for 50% by 2030**

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## Financial highlights ①



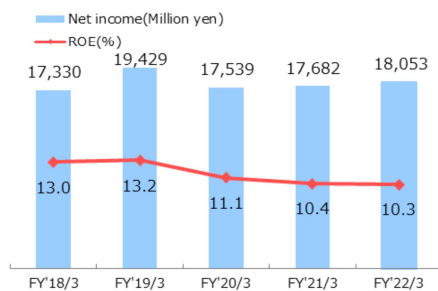
\* Effective from the beginning of fiscal year ended March 31, 2022, the Group adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and changed the method to deduct a portion of selling expenses (rebates, etc.) from sales, which was previously recorded in selling, general and administrative expenses.

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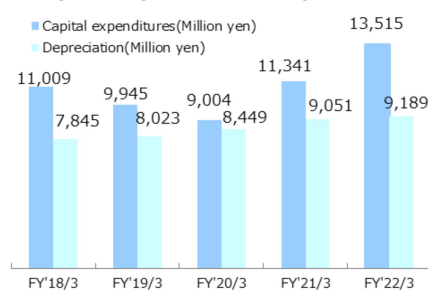


## Financial highlights ②

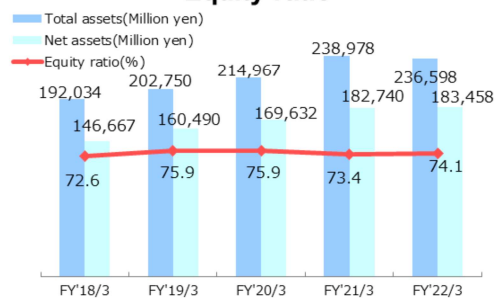
### Net income/ROE



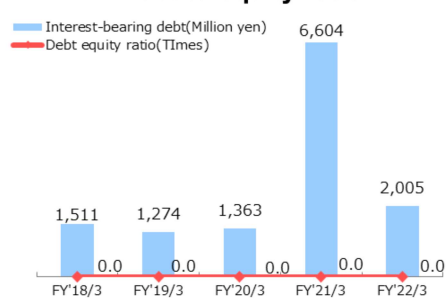
### Capital expenditures/Depreciation



### Equity ratio



### Debt to equity ratio



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Contact details for IR inquiries:  
Calbee, Inc. Investor Relations Department  
E-mail: [2229ir@calbee.co.jp](mailto:2229ir@calbee.co.jp)  
<https://www.calbee.co.jp/en/ir/>

- The Company's fiscal year ends on March 31. The fiscal year ended March 31, 2022 is referred to throughout this report as "FY2022/3 (FY'22/3)," and other fiscal years are referred to in a corresponding manner. References to years not specified as being fiscal years are 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.