

Calbee

Calbee Group Financial Results

First quarter of fiscal year ending March 31, 2023
April 1, 2022 – June 30, 2022

TSE code : 2229
Calbee, Inc.
2022.8.2

Copyright © Calbee, Inc. All rights reserved.

© Calbeeの代官所在地である北河原で撮影しています。

I am Hayakawa, and I am in charge of finance, accounting and investor relations.

I will now explain the financial results for Q1 of the fiscal year ending March 2023.

FY2023/3 Q1: Results highlights



Summary

Vs. plan: Both sales and profit achieved plan on strong domestic and overseas snacks sales

YoY: ■ Net sales Domestic: Rose on growth in snacks accompanying normalization of socio-economic activity
Overseas: Rose driven by North America/Greater China

■ Operating profit Domestic: Fell as price and content revisions were unable to compensate for the sharp rise in costs

Overseas: Rose on contribution from North America
Sharp rise in raw material and energy prices: (Domestic: -¥2.3bn, Overseas: -¥1.0bn)

■ Net profit Foreign exchange gains of ¥1.6bn

(Billion yen)

	FY2023/3 Q1	FY2022/3 Q1	Change	FY2023/3 Q1 Target	vs. plan Ratio
Net sales	65.3	59.9	+9.1%	62.3	104.9%
Domestic	48.2	46.5	+3.8%	46.6	103.5%
Overseas	17.1	13.4	+27.2%	15.7	108.9%
Operating profit	5.4	6.9	-22.7%	5.1	105.2%
Operating margin	8.2%	11.6%	-3.4pts	8.2%	+0.0pts
Domestic	4.7	6.3	-25.5%	4.5	104.8%
Overseas	0.6	0.6	+7.0%	0.6	108.1%
Ordinary profit	7.0	7.0	-1.1%	5.0	139.7%
Extraordinary income/loss	-0.0	-0.0	-	-0.1	-
Net profit*	4.6	5.0	-8.1%	3.1	146.9%

*Profit attributable to owners of parent

Copyright © Calbee, Inc. All rights reserved.

1

Please see slide 1.

In Q1, we had planned for a decrease in profits due to the expected large cost increase in cooking oils and other items, but as for the actual results, sales of snacks were strong both in domestic and overseas business, with net sales of JPY65.3 billion, 104.9% of the plan. Operating profit was JPY5.4 billion, 105.2% of the plan, and both sales and profits exceeded the plan.

Compared to the previous year, net sales increased by 9.1%, but operating profit decreased by 22.7%. In the domestic business, the normalization of socioeconomic activities led to a recovery in sales of gift snack items and growth in sales at convenience stores, which, in addition to the effect of increased sales, had the effect of price revisions. However, this was not enough to offset a cost increase of JPY2.3 billion, resulting in a 25.5% decrease in profit.

In the overseas business, profit increased 7%, mainly due to the effect of increased sales in North America and Greater China and the effect of price revisions in each country, which absorbed a cost increase of JPY1 billion.

Net profit decreased 8.1% to JPY4.6 billion, mainly due to a foreign exchange gain of JPY1.6 billion.

FY2023/3 Q1: Domestic business



- **Net sales (Snacks)** Sales rose on strong sales of gift snack items and other snacks despite lower *Potato Chips* sales due to the potato shortage
- **(Cereals)** Flat YoY on slump in products for kids despite contribution from new products
- **(Others)** Rose on firm sales in the sweet potato business
- **Operating profit** Fell as higher sales, effect of price/content revisions and contribution from restrained snacks sales promotions were unable to absorb the sharp rise in raw material and energy prices

(Billion yen)

	FY2023/3 Q1		
		Change(YoY)	
Domestic sales	48.2	+1.8	+3.8%
Snacks	44.0	+1.1	+2.6%
<i>Potato Chips</i>	19.4	-0.2	-0.8%
<i>Jagarico</i>	9.5	+0.5	+5.7%
Products with new value/other snacks	15.0	+0.8	+5.4%
Cereals	6.6	+0.0	+0.3%
Others (Sweet potatoes, Potatoes, Services)	2.9	+0.1	+3.2%
Rebates deducted from sales	-5.3	+0.6	—
Domestic operating profit	4.7	-1.6	-25.5%
Operating margin	9.8%	-3.9pts	—

*Amounts for sales of Snacks, Cereals and Others (Sweet potatoes, Potatoes, Services) are prior to deduction of rebates, etc.

Copyright © Calbee, Inc. All rights reserved.

2

Please see slide 2.

This section describes sales by product in the domestic business.

Potato chips sales decreased JPY0.2 billion, *Jagarico* sales increased JPY0.5 billion, and products with new value and other snacks increased JPY0.8 billion.

In other domestic businesses, sales increased by JPY0.1 billion due to the steady performance of the sweet potato business.

The factors behind the change in operating income are presented in the next slide.

FY2023/3 Q1: Domestic business



Snacks

■ Potato Chips/Jagarico:

- Sales of *Potato Chips* fell on the prolonged restraint in sales promotion activities due to the potato shortage
- Sales of *Jagarico* rose on strong sales of L-size and limited time products at convenience stores



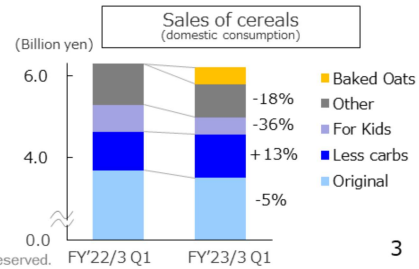
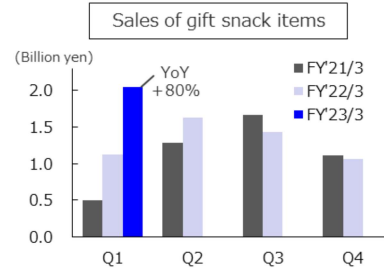
■ Products with new value and other snacks:

- Sales of gift snack items rose significantly on recovery in domestic travel demand as well as proactive promotion at events and product exhibitions
- Sales of corn-based and bean-based snacks rose on shift in demand from *Potato Chips* and contribution from new products



Cereals

- Launched new product *Baked Oats* in response to demand for oatmeal
- Continued strong sales of *Frugra Less Carbohydrates*
- Sales of products for kids, such as *Frugra Chocolate Crunch & Banana*, fell



Copyright © Calbee, Inc. All rights reserved.

3

Please see slide 3.

Sales of *potato chips* were down due to the potato shortage in Q1 of last year, which led to restrained of sales promotion activities, and this year the period was further lengthened by about 10 days.

Sales of *Jagarico* increased due to strong sales at convenience stores as a result of the easing of action restrictions, and contributions from L-size and limited time products such as Seaweed Salt Butter.

In products with new value and other snacks, sales of gift snack items such as *Jaga Pokkuru* rose sharply, up 80% from the previous year, thanks to a recovery in domestic travel demand and active participation in events and product exhibitions.

In addition, corn-and bean-based snacks grew as demand shifted due to restrained sales promotion of *potato chips*, and new products such as *PEACEPY*, which uses chickpeas, also contributed to sales.

As for cereals, *Baked Oats*, a new product to meet the growing demand for oatmeal, and *Frugra Less Carbohydrates*, a health-promoting product, showed strong performance. But sales of products for kids did not well, resulting sales to be flat year on year.

FY2023/3 Q1: Overseas business

(Billion yen)

<Business results by region>	FY2023/3 Q1			
		Change(YoY)		Change ex. forex in %
Overseas sales	17.1	+3.7	+27.2%	+12.4%
North America	5.6	+1.6	+40.6%	+19.9%
Greater China	5.6	+1.4	+34.2%	+17.0%
Other regions	8.2	+1.3	+18.4%	+7.9%
Rebates deducted from sales	-2.3	-0.7	-	-
Overseas operating profit	0.64	+0.04	+7.0%	-
Operating margin	3.7%	-0.7pts	-	-
North America	0.38	+0.33	+597.4%	-
Greater China	0.25	-0.01	-2.9%	-
Other regions	0.00	-0.28	-98.3%	-

*Sales by region are amounts prior to deduction of rebates, etc.

Please see slide 4.

Sales and operating profit of overseas business by region are as shown below.

In North America, sales increased by 20% on a local currency basis, and operating profit was JPY0.38 billion, seven times higher than the previous year.

Sales in Greater China increased 17%, and operating profit was almost unchanged from the previous year at JPY0.25 billion.

While sales in other regions increased by 8%, operating profit was almost zero, down JPY0.28 billion from the previous year.

The factors behind the change in operating income are presented in the next slide.

FY2023/3 Q1: Overseas business



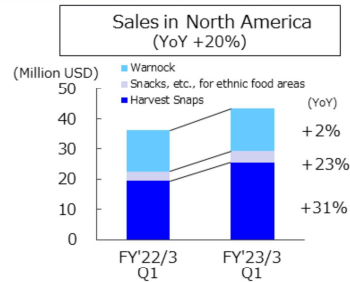
North America

■ Sales

- Strong sales of *Harvest Snaps* on successful marketing/promotional activities
- Sales of snacks for ethnic foods area rose on having secured containers

■ Operating profit

- Profit rose on price/content revisions and higher sales



Greater China

■ Sales

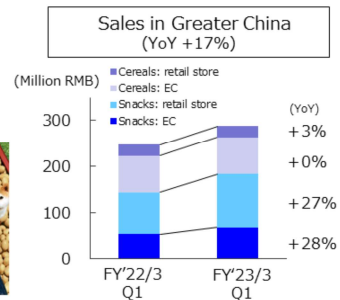
- Sales via both e-commerce and retail stores rose on the resumption of shipments with the lifting of lockdowns
- In snacks, there were strong sales of *Honey Butter Chip* and *Jagabee*
- In cereals, *Frugra Less Carbohydrates* grew

■ Operating profit

- Proactively invested in promotional expenses using a brand ambassador



Appointed popular singer Lay as a brand ambassador



Other regions

- UK and Indonesia contributed to sales
- Operating profit fell on decrease in Australia, etc., due to shipping costs and a sharp rise in raw material costs

Copyright © Calbee, Inc. All rights reserved.

5

Please see slide 5.

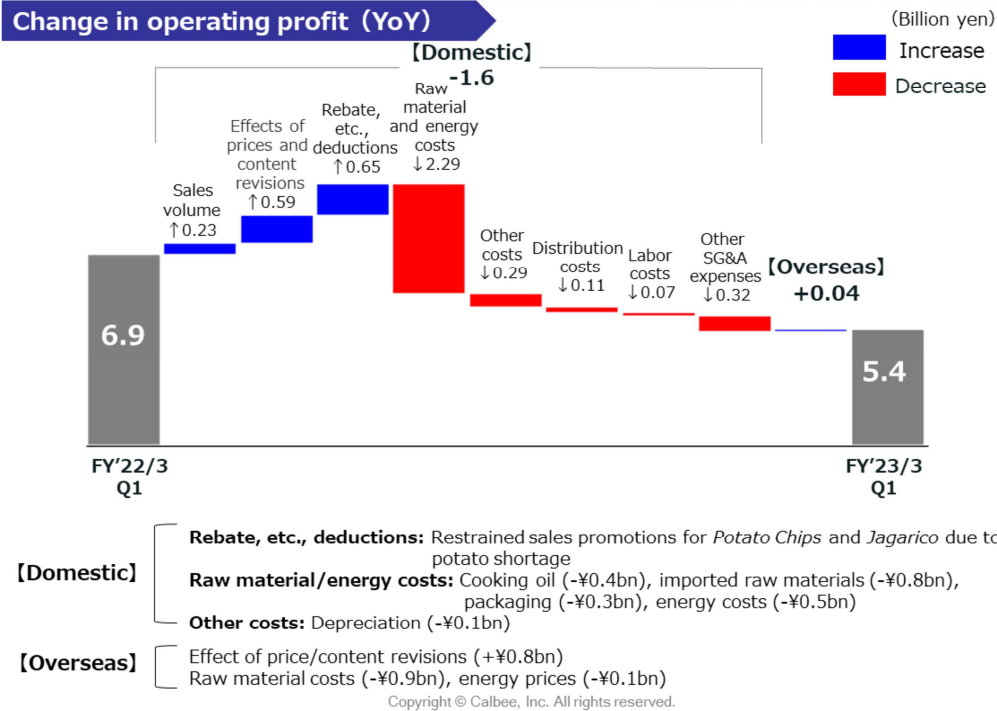
Sales in North America increased, driven by *Harvest Snaps*. Package renewals and price revisions were well accepted by consumers, and our proposal activities and sales promotion measures to our customers were successful, resulting in steady volume growth. Operating profit increased due to the effect of higher sales and price revisions.

In Greater China, sales increased due to the resumption of shipments in late May following the lifting of the lockdown, although they struggled in April due to the impact of the lockdown. Snacks were strong for *Honey Butter Chip* and *Jagabee*, and cereals were strong for *Frugra Less Carbohydrates*. Operating profit was almost on par with the previous year, mainly due to the development of promotions featuring popular singers.

In other regions, sales increased in the UK and Indonesia due to strong sales of *potato chips* and other products, but operating profit declined as transportation costs and higher raw material prices could not be absorbed.

From Q2 onward, we will proceed with price revisions and aim to achieve a plan.

FY2023/3 Q1: Factors decreasing operating profit



Please see slide 6.

Here are the expected change factors in operating profit.

The overall consolidated profit decreased by JPY1.6 billion.

This was due to a decrease in profit in the domestic business.

In the domestic business, profits declined by JPY1.6 billion because sales promotion restraints of JPY0.65 billion caused by the potato shortage and price and content revisions effects of JPY0.59 billion were not offset a JPY0.23 billion rise in raw material prices, including cooking oil, imported potato, packaging materials and energy costs.

In the overseas business, a JPY0.9 billion rise in raw material prices and a JPY0.1 billion rise in energy costs were offset by increased sales and the effect of price revisions and remained at the same level as the previous year.

FY2023/3 price/content revisions

Effective date	Jun-Jul. 2022	Sep-Oct. 2022	Nov. 2022
Target products			
Sales of target products	¥23.0bn	¥120.0bn	¥18.0bn
Revisions	Content : -10% Price : +10-20%	Price : +10-20%	Price : +10-20%

Copyright © Calbee, Inc. All rights reserved.

7

Please see slide 7.

Finally, I would like to explain the price revisions announced today for domestic snacks.

The price increase will be implemented in November, and the price of 30 items, including *Kappa Ebisen* and *Sapporo Potato*, will be raised by 10% to 20%. These are products that have just undergone an effective price increase in June with a change in content, and we will implement another price increase in six months.

This is the end of my presentation.

Thank you.

Reference materials

Consolidated profit and loss statement

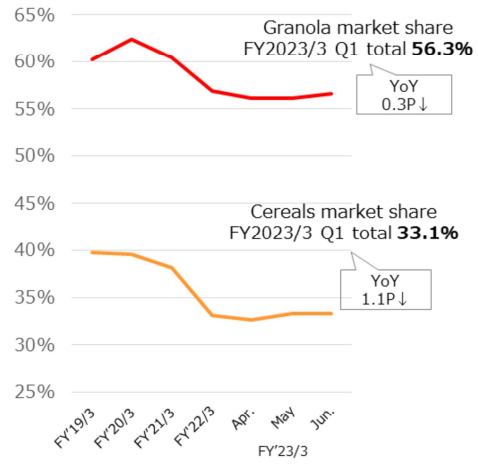
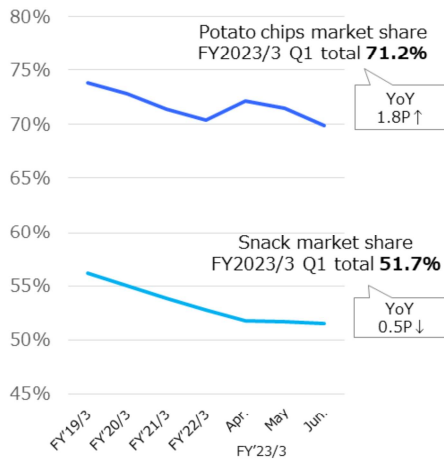


(Million yen)

	FY2023/3 Q1			FY2023/3 forecast			
		Percent of total(%)	Change (YoY) (%)	vs. plan Ratio (%)		Percent of total(%)	Change (YoY) (%)
Net sales	65,323	100.0	+9.1	104.9	268,000	100.0	+9.2
Gross profit	21,126	32.3	-0.4	102.6	89,700	33.5	+6.8
SG&A	15,763	24.1	+10.5	101.8	64,200	24.0	+9.1
Selling	2,269	3.5	+13.0	97.8	10,600	4.0	+28.0
Distribution	5,326	8.2	+12.1	106.1	21,000	7.8	+4.8
Labor	5,000	7.7	+4.9	98.6	20,900	7.8	+6.7
Others	3,168	4.8	+15.4	102.9	11,700	4.4	+7.2
Operating profit	5,363	8.2	-22.7	105.2	25,500	9.5	+1.4
Ordinary profit	6,955	10.6	-1.1	139.7	25,000	9.3	-7.2
Extraordinary income/loss	-39	-	-	-	-500	-	-
Net profit*	4,553	7.0	-8.1	146.9	15,500	5.8	-14.1

*Profit attributable to owners of parent

Domestic market share



Source: Intage SRI+ based on sales amount (nationwide, all retail formats)
 FY2023/3 Q1 total: April 2022 - June 2022
 Comparison period: April 2021 - June 2021
 FY19/3-FY22/3: April 2018 - March 2022

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

Acquisition of Thai confectionery company - a strategic move for global brand Jagabee

Calbee
Harvest the Power of Nature.

Aiming to strengthen exports of *Jagabee* to Greater China, where demand is growing, Calbee acquired a production base in Thailand with a view to starting exports in FY2024/3.

We will accelerate global expansion alongside Calbee Tanawat Co., with Greenday Global Co., Ltd. acting as an important production and development base in Southeast Asia and Oceania.

Acquisition of stake in Greenday Global Co., Ltd.

- Acquisition price: USD 12 million
- Stake acquired: 75%
- Stock acquisition period: July 2022



Overview of Greenday Global Co., Ltd.

- Established: 2010
- Business: Manufacture and sale of snack foods made from vegetables and fruits, etc.
- Most recent business results (FY2020/12)
Sales: 300 million Thai baht
Net assets: 184 million Thai baht



Copyright © Calbee, Inc. All rights reserved.

11

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

- The Company's fiscal year ends on March 31. The fiscal year ending March 31, 2023 is referred to throughout this report as "FY2023/3 (FY'23/3)," 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.

FY2023/3 Q1 Results Presentation Q&A August 2, 2022

Domestic Business

Q1: Are there any changes in the effect of price and content revisions from the forecast at the beginning of the period?

The effect of revisions in Q1 was 0.59 billion yen, almost in line with the plan. Demand remains high, and there is no change in sales volume from before the revisions. Therefore, at this point, there is no change to the forecasted effect of 7.2 billion yen for the full period.

Q2: What is the outlook for raw material cost increases?

The impact in Q1 of domestic cost increases was 2.3 billion yen, almost in line with the plan. While the unit price of palm oil has fallen, the yen continues to weaken. There is no major change from the forecasted 9 billion yen annual cost increase in raw material and energy prices.

Q3: What is the yield of Hokkaido-grown potatoes expected to be?

There are no issues with planting and growth so far, so we expect yields to be as planned. We hope to increase the yield this year, but as this is contingent on weather conditions, we will closely monitor the situation.

Q4: How is the recovery of gift snack items?

Q1 sales totaled 2.04 billion yen, up 0.9 billion yen YoY and 0.3 billion yen from the forecast. Sales are recovering due to domestic travel demand as well as proactive promotion at events and product exhibitions.

Overseas Business

Q5: Is it correct to assume that the strong performance in North America will continue?

Harvest Snaps are strong and sales volume is increasing even after price revisions. Sales are growing at major customers, supermarkets, and dollar store channels, the latter of which was expanded last year. Prices of *Harvest Snaps* were raised by about 20% but they are still seen as affordable compared to other companies' products in the "Better for you" category. The taste is also highly rated. The second price increase is scheduled to be implemented in Q2. We believe that the strong performance in North America will continue and make up for the shortfall in other regions.

Q6: What is the outlook for Greater China in Q2 and beyond?

In Q1, lockdowns delayed the launch of some products, including muesli. From Q2 we will implement sales promotions and aim to improve profitability through sales expansion. In cereals, we aim to strengthen sales of *Frugura Less Carbohydrates* and muesli, and in snacks, we aim to strengthen sales of products in the Baby & Kids category.

Q7: What is the status of price revisions in other overseas regions?

We have already raised prices of mainstay products in each country we operate in. In the U.K., prices have been raised at a higher rate than in other countries, but sales volume is growing. In Indonesia, we had planned to raise the price of snack products only but decided to implement an unplanned rise in the price of potato chips as well following price increases by competitors. We will move forward with the second round of price increases in each country.

END