



Calbee

Calbee Group Financial Results

Fiscal year ended March 31, 2023
April 1, 2022 – March 31, 2023

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TSE code : 2229
Calbee, Inc.
May. 9, 2023

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Thank you. Today, I would like to report on our financial results for FY2023/3, outline our plans for FY2024/3, and discuss our growth strategy “Change 2025”.

Financial results executive summary



- FY2023/3 financial results: Net sales up ¥33.9bn, operating profit down ¥2.9bn as price and content revisions were unable to offset cost increases, including the sharp rise in raw material and energy prices
- FY2024/3 plan: ¥13.7bn increase in net sales, ¥1.8bn increase in operating profit
Implement plan (make appropriate investments) in accordance with growth guidance set out in “Change 2025”
- Accelerate efforts on priority issues and strengthen foundation for our 2030 Vision
- Plan to continuously increase dividend in FY2024/3, aiming for a total return ratio of 50% or more and DOE of 4%

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Please see slide one. First, here is a summary of my presentation.

Consolidated results for FY2023/3 show an increase of JPY33.9 billion in net sales and a decrease of JPY2.9 billion in profit. Price revisions were implemented to counter factors such as a cost increase of JPY14.1 billion. However, the effect of the revisions was JPY10.2 billion, which did not fully offset the effects of the price revisions.

For FY2024/3, we plan to increase sales by JPY13.7 billion and profit by JPY1.8 billion.

We will steadily generate profits through business growth and expansion while accelerating efforts to address priority issues and stepping up investments necessary for the medium to long term.

As for shareholder returns, we will continue to increase dividends, aiming for a total return ratio of 50% or more and a DOE of 4%, with an emphasis on balancing returns with investments.

1. FY2023/3 Financial Results

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Next, I would like to present our consolidated financial results for FY2023/3.

FY2023/3 Results highlights



Summary

Net sales ¥279.3bn (+¥33.9bn YoY, +¥5.3bn vs. revised plan)
Operating profit ¥22.2bn (-¥2.9bn YoY, +¥0.2bn vs. revised plan)

YoY: Despite having implemented price revisions in both domestic and overseas markets, snack sales remained strong throughout the year, even as operating profit declined due to the sharp rise in raw material and energy costs

Vs. revised plan: In line with the revised plan due to strong performance in Japan, despite falling short of the plan in Greater China due to the impact of lockdowns

(Billion yen)

	FY2023/3	FY2022/3	Change	FY2023/3 revised plan	vs. plan Ratio
Net sales	279.3	245.4	+13.8%	274.0	101.9%
Domestic	207.1	188.0	+10.1%	201.3	102.9%
Overseas	72.2	57.4	+25.8%	72.7	99.3%
Operating profit	22.2	25.1	-11.5%	22.0	101.1%
Operating margin	8.0%	10.2%	-2.3pts	8.0%	-0.1pts
Domestic	19.6	23.2	-15.2%	18.2	107.9%
Overseas	2.6	2.0	+30.8%	3.8	68.3%
Ordinary profit	23.5	26.9	-12.9%	25.0	93.8%
Net profit*	14.8	18.1	-18.2%	15.5	95.3%

*Profit attributable to owners of parent

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See slide three.

Net sales were JPY279.3 billion and operating profit was JPY22.2 billion.

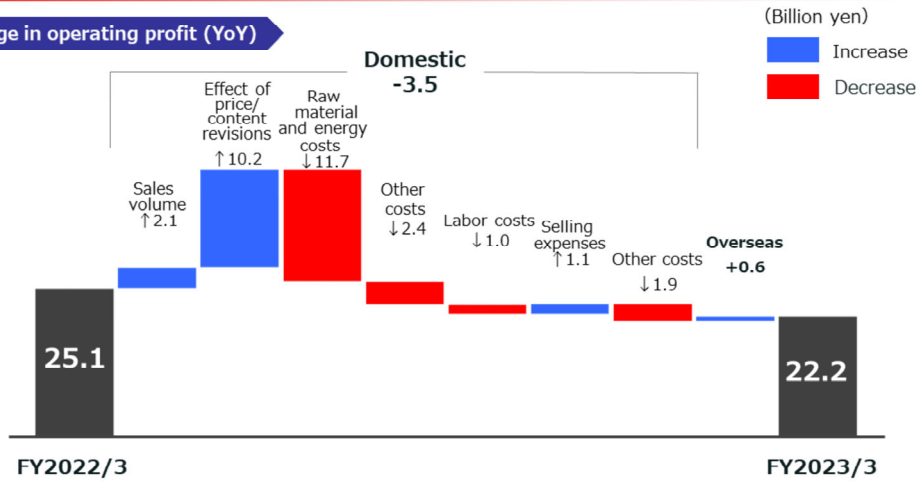
Both domestic and overseas demand remained strong even after the price revisions were implemented, and sales of snacks remained strong throughout the year. On the profit side, however, our price revisions could not completely offset the sharp rise in raw material and power costs. This resulted in a decrease in profit.

In Q2, we revised our profit plan downward due to higher-than-expected cost increases caused by the yen's depreciation and the ongoing situation in Russia and Ukraine. Although the revised plan was not achieved in Greater China due to the impact of the lockdown, our results were almost in line with the revised plan due to strong sales of snacks in Japan.

FY2023/3 Results highlights



Change in operating profit (YoY)



Domestic

- Sales volume: Snacks, particularly *Jagarico*, performed well and volume increased after price revisions
- Raw material/energy costs: Cooking oil, packaging, imported raw materials, domestic potatoes, and energy costs soared
- Labor costs: Increase labor costs on dealing with labor shortage
- Sales promotion costs: Continuous improvement activities were successful, and effective promotions were launched in conjunction with price revisions

Overseas

- Other costs: Increase in expenses due to normalization of social activities

Effect of price/content revisions (+¥5.6bn), raw material and energy costs (-¥3.2bn)

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See slide four.

This is a waterfall chart of operating profit, showing the reasons for the decrease. You are welcome to review this in your own time.

FY2023/3 Domestic business



- **Snacks:** Strong demand for snack foods throughout the year
Sales increase due to price revision, as well as volume growth on successful post-revision promotions and renewals
Sales of gift snack items bounced back due to recovery in travel demand
- **Cereals:** Launched *Baked Oats* in response to demand for oatmeal
Sales of core products *Frugura* were down
- **Others:** Sales firmed in the sweet potato business

(Billion yen)

	FY2023/3		
		Change(YoY)	
Domestic sales	207.1	+19.1	+10.1%
Snacks	194.0	+17.1	+9.7%
<i>Potato Chips</i>	90.9	+7.5	+9.0%
<i>Jagarico</i>	40.0	+5.1	+14.7%
Snack food products with new value / other snacks	63.1	+4.5	+7.7%
Cereals	24.2	-0.5	-2.0%
Others (Sweet potatoes, Potatoes, Services)	13.7	+1.7	+14.2%
Rebates deducted from sales	-24.9	+0.7	-
Domestic operating profit	19.6	-3.5	-15.2%
Operating margin	9.5%	-2.8pts	-

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

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Please continue to slide five. Next, I will present an overview of the business segment.

The first is our domestic business.

Sales in the domestic business increased 10% to JPY207.1 billion while operating profit declined 15% to JPY19.6 billion.

In the snack foods category, the Company implemented price revisions in stages in June, September, and November. By implementing promotions and renewals even after the price revisions, the Company was able to maintain strong sales, especially of *Potato Chips* and *Jagarico*, without lowering customer purchasing demand. As the coronavirus pandemic winds down, gift snack items also saw an increase in sales due to an increase in travelers. Sales for FY2023/3 totaled JPY10 billion, recovered to 80% of the JPY12 billion sales of the pre-pandemic period.

In cereals, new oatmeal products contributed to sales, but sales of core products *Frugra* and *Frugra Less Carbohydrates* declined. We believe that we have not been able to capture repeat customers to the extent that we wanted and will review our product promotion measures in the future.

FY2023/3 Overseas business



- **North America:** Strong sales of *Harvest Snaps* even after price revisions
- **Greater China:** Sales increased due to expansion of product lineup and sales channels
Operating profit decreased due to investment in communications to raise brand awareness
- **Other regions:** Strong sales even after price and content revisions in the UK and Indonesia
Decrease in operating profit due to higher costs in South Korea, Australia, etc.

(Billion yen)

<Business results by region>	FY2023/3			Change ex. forex in %
		Change(YoY)		
Overseas sales	72.2	+14.8	+25.8%	+11.3%
North America	22.2	+6.1	+37.6%	+15.0%
Greater China	23.4	+3.8	+19.5%	+6.0%
Other regions	36.2	+7.5	+26.3%	+15.1%
Rebates deducted from sales	-9.7	-2.6	-	-
Overseas operating profit	2.59	+0.61	+30.8%	-
Operating margin	3.6%	+0.1pts	-	-
North America	0.79	+0.83	-	-
Greater China	0.93	-0.05	-5.4%	-
Other regions	0.88	-0.17	-15.8%	-

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

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See slide six. Next is an overview of our overseas business.

In the overseas business, sales increased 26% to JPY72.2 billion and operating profit rose 31% to JPY2.6 billion.

In North America, sales of *Harvest Snaps* grew due to renewal and lineup expansion and made a significant contribution to profits.

In Greater China, sales increased due to lineup expansion and sales channel expansion into new channels. Profits declined slightly due to increased investment in communication to improve brand recognition.

2. Calbee Group Growth Strategy “Change 2025”

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Next, I would like to briefly explain the Calbee Group Growth Strategy, “Change 2025”.

Management policy in the new structure



Things that won't change

Our Value and founding philosophy

Corporate Message



Corporate Philosophy

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

Group Vision

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



Founding philosophy

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

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See slide eight.

I would like to share with you my thoughts on the management policy under the new structure.

Today, Calbee needs to both reaffirm and strengthen what will not change, and speed up what must change.

What will not change is Our Values and the founding philosophy written here. We hope to fulfill our mission by carefully utilizing nature's bounty, creating delicious and enjoyable food, and delivering products that are beneficial to everyone's health.

Management policy in the new structure



Things we need to change

1. **Move away from quantitative growth strategies and revitalize the Calbee brand**
2. **Proactively invest capital/human resources in growth areas**
3. **Create an organizational/corporate culture/structure that can corporate reform**



Concentrate internal and external management resources/wisdom, and coupled with the power of our employees, advance reform initiatives and return to a growth trajectory

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See slide nine.

We believe that there are now three major things that the Calbee Group needs to change.

The first is to move away from quantitative growth, especially in Japan, and to re-empower the Calbee brand. We intend to increase our value over the medium to long term by strengthening our investments in the areas of marketing and branding, rather than settling for existing brand recognition.

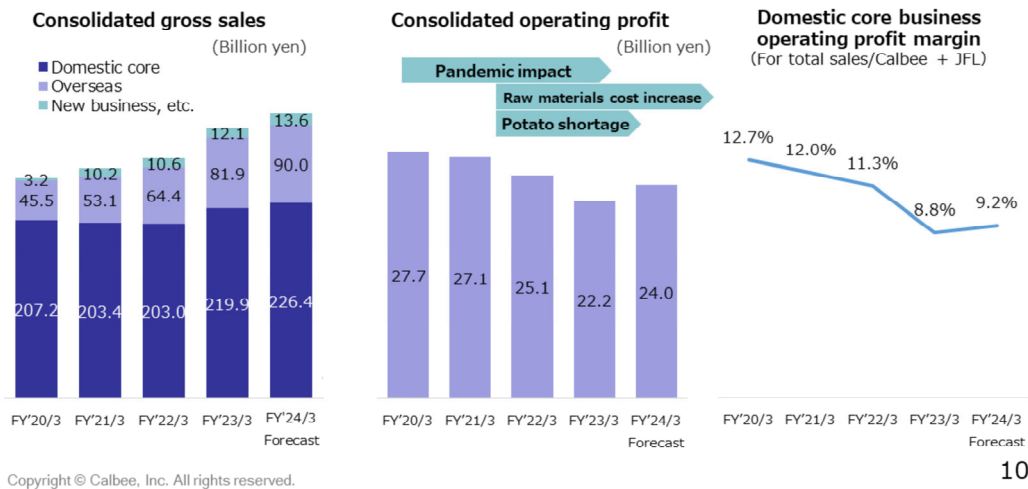
Second, we will shift from a domestically oriented organization and resource allocation and firmly invest resources in growth areas such as global and new fields. In order to do so, we must also re-strengthen our core domestic business, which is the foundation of our business.

Third, we would like to create an organization, corporate culture, and structure to implement change. We are currently working face-to-face with our employees to ensure that they understand that the Calbee Group will be changing in the future, and we will work together as one.

Reviewing the Medium-term Business Plan



- For the last four years, overseas business has expanded, but operating profit has continued to decline
- Amid changes in the business environment, our current challenge is to strengthen the profit structure of the domestic core business



See slide 10. From here, I would like to give you a mid-term review and explain the start of our three-year growth strategy “Change 2025”, which began this fiscal year.

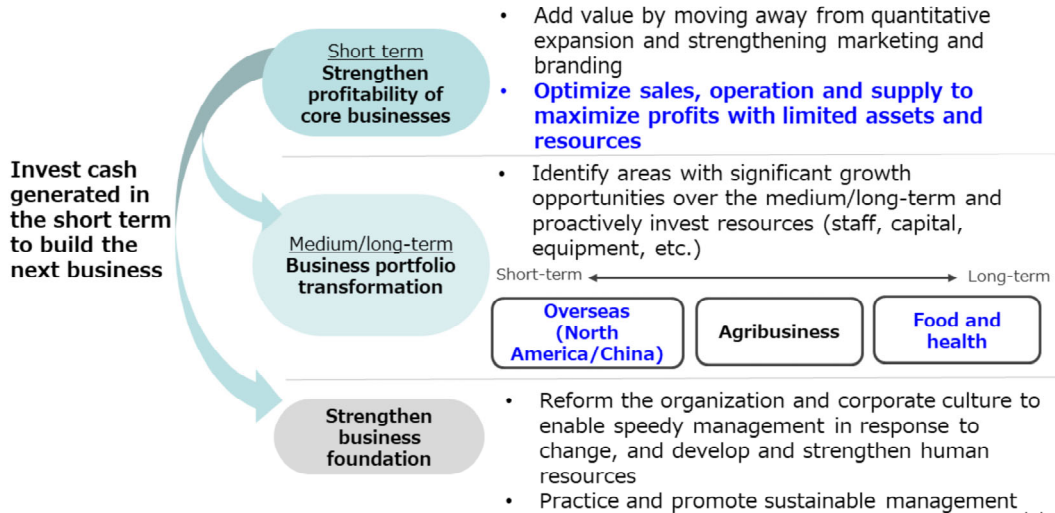
Looking back on our performance over the four years since the previous medium-term management plan, which began in FY2020/3, we achieved steady growth overseas and expanded into new areas of business. However, profits were negatively impacted by various external factors, such as the coronavirus pandemic, and soaring costs of raw materials. Poor potato crops also had an impact. The cumulative result of these effects was three consecutive years of lower profits.

In the current fiscal year, the first year of “Change 2025” we believe that a major challenge is to strengthen our domestic profit structure in order to withstand these environmental changes and return to a sustainable growth path.

Business structure reforms for future growth

Strengthen profitability of core domestic businesses and invest in global and new areas and business platforms

**Further explanation on the blue text below can be found on slides 11-14*



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Next, please see slide 11.

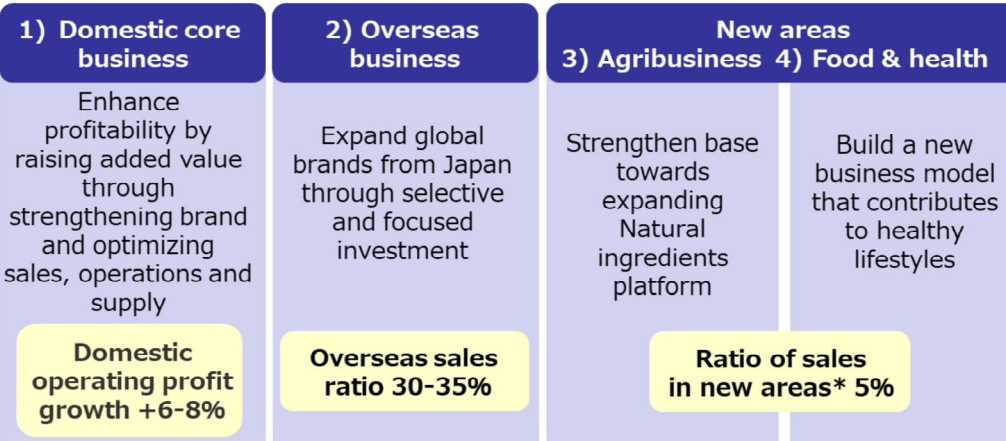
During these three years, we will continue to reform our business structure by strengthening the profitability of our core domestic business and investing the cash generated in the next growth areas of global and new business domains.

Today, I would like to discuss the four points listed here in blue.

Change 2025 *Growth Guidance and Key Policies* **Calbee** Harvest the Power of Nature.

Rapidly advance priority policies while achieving organic growth in line with the growth guidance laid out in Change 2025

Organic sales growth ratio	+4-6%
Consolidated Operating profit growth	+6-8%
ROE	10%+



Main KPI

*Refers to new areas such as agribusiness, food and health, etc.

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See slide 12.

The growth guidance and key policies of our three-year growth strategy “Change 2025” are shown below.

We are aiming for organic sales growth of 4% to 6%, consolidated operating profit growth of 6% to 8%, and ROE of 10% or more.

The pillars of our business are our core domestic business, overseas business, and the new areas of agribusiness and food and health.

Domestic core business

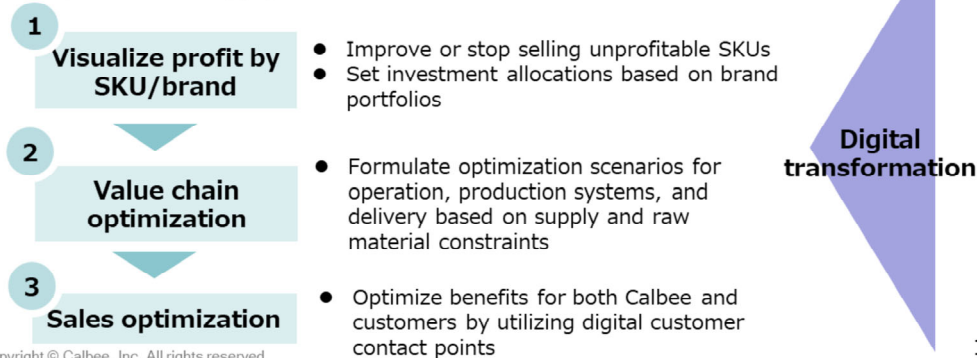
Enhance profitability by optimizing sales, operations and supply

Structural issues in the domestic core business

1. Risk related to fluctuations in potato procurement
2. Excessive SKUs
3. Lack of production capacity

Break away from growth that relies on quantitative expansion and make the best use of limited resources

Leverage digital transformation to speed up decision making during procurement, production, logistics, and sales and optimize profits throughout the supply chain



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See slide 13.

This is the key to improving the profitability of our core domestic business. Here, I am talking about the optimization of sales, operations, and supply.

There are three major structural challenges we face today. One is the risk of a decrease in the amount of potato procurement due to climate change. The second is the problem of excessive SKUs, and the third is limited production capacity.

Calbee has grown primarily through a business model of increasing profits through quantitative expansion, but from this point on, the Company will move away from mere quantitative expansion and aim for a new business model that aims to maximize profits by optimizing the supply chain.

For example, Calbee currently sells more than 1,300 SKUs per year in Japan, but an analysis of these SKUs shows that the profit margin varies considerably. Rather than pursuing only quantitative expansion, we would like to consider optimal qualitative improvement and satisfaction for Calbee, our business partners, and our end consumers.

Overseas business Expand development of global brands from Japan

Products Introduce localized and umbrella products tailored to market needs



Hot cereal

Incorporate consumer needs in the Chinese market to make *Furuga* a choice for breakfast as a product with ingredients that have health appeal and that can be eaten with warm milk

Sales Aim to expand market recognition by introducing products in growth channels in each market



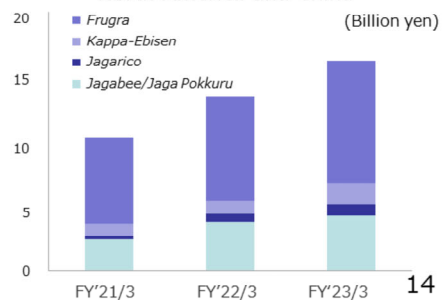
North America: Expand distribution from ethnic markets to member stores

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China: Expand efforts at member stores like Sam's, Costco, etc.

Sales of major products from Japan in North America and China



See slide 14.

In the overseas business, we will expand our business with a focus on North America and China, conveying the value of our global brand from Japan to the market. Although not yet a large amount in terms of sales, as the graph shows, sales of Calbee's Japan-originated products are currently growing significantly.

The products will be localized so that they can be incorporated into local diets while maintaining their original value.

Local marketing and R&D functions will also be strengthened.

In China, while leveraging the brand recognition of *Furuga*, we have developed *Furuga* that can be eaten hot, and plan to launch it this fall. In terms of sales, we will respond to changes in the retail market in each country and focus on channels with greater growth potential.

In North America, the distribution of Asian foods from ethnic markets to club stores that line regular snack counters is expanding. In Greater China, the growth of club stores with relatively high-priced product lineups has been quite remarkable, and sales of Calbee products have also expanded.

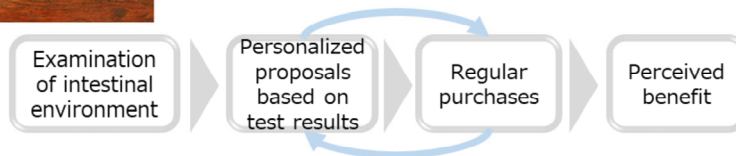
Food & health

Build a new business model of contributing to healthy lifestyles

Begin the Body Granola new service/personal food program, which will contribute to customers' health with products/services suited to each individual's circumstances



- D2C service with regular purchases that tests individuals' intestinal flora and proposes granola based on test results
- Joint business with Metabologenomics, Inc. (R&D support) and Cykinso, Inc. (intestinal flora examination/analysis)
- Began joint research with Metabologenomics in 2020 upon noting concern about lowered immunity due to the COVID pandemic



Next, please see slide 15.

Another pillar of our new domain is the food and health business. We will launch the Food and Health Business Division this fiscal year to promote the creation and development of new businesses.

We recently announced the launch of Body Granola, a new service for D2C sales of granola. The service includes testing an individual's intestinal environment and delivering granola suited to that person.

The concept of evidence-based personal foods is to provide products and services that are tailored to the condition of each individual. We see great opportunities for such products in the context of health consciousness and diversifying tastes.

In this way, we will actively promote collaboration with outside parties in the food and health area and promote the necessary investments in a different way and with different ideas from Calbee's core business to date.

3 . FY2024/3 Full Year Forecast

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I will now explain our plans for FY2024/3.

FY2024/3 Full Year Forecast



As this is the first year of corporate reform (Change 2025), achieve indicated growth guidance (FY2024/3-FY2026/3)

(Billion yen)	FY'22/3 Act	FY'23/3 Act	FY'24/3 Forecast	YoY		growth guidance (3-year)
Gross sales	278.0	313.8	330	+16.2	+5%	+ 4-6%
Net sales	245.4	279.3	293	+13.7	+5%	-
Operating profit	25.1	22.2	24	+1.8	+8%	+ 6-8%
Operating margin vs gross sales	9.0%	7.1%	7.3%	+0.2pts	-	-
	10.2%	8.0%	8.2%	+0.2pts	-	-
Net profit	18.1	14.8	15	+0.2	+2%	-
ROE	10.3%	8.5%	8.4%	-	-	10%+

Main KPI

Domestic operating profit growth	-6%	-15%	+6%	-	-	+ 6-8%
Overseas sales ratio	23%	26%	27%	-	-	30-35% (FY'26/3)
Ratio of sales in new areas	3.3%	3.9%	4.3%	-	-	5% (FY'26/3)

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See slide 17.

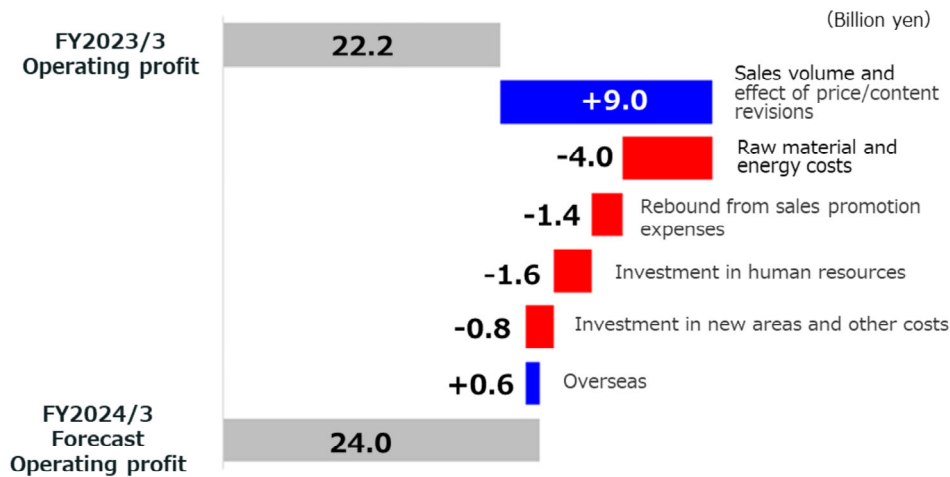
In the current fiscal year, the first year of our growth strategy “Change 2025” we aim to increase net sales by 5% to JPY293 billion and operating profit by 8% to JPY24 billion, in line with our growth guidance. We will also steadily increase each of the major KPIs.

The purple light-colored area on the right is the growth guidance of “Change 2025”

FY2024/3 Full Year Forecast



Implement additional price and content revisions in response to cost increases from previous years
Invest in human resources, new areas, etc.



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Next, please see slide 18. This slide shows our forecast operating profit for FY2024/3.

In the current fiscal year, we plan to address the sharp rise in raw material and power costs, including the previous year's cost increase, by implementing a price revision in June.

Investment in human resources is also an important point. In addition to base increases, we intend to strengthen our training programs and recruitment to enhance our strategic human resources.

The second point is new investment. Although the amount is not yet large, we intend to continue to increase investment to create new value products and businesses in new areas.

After making these necessary investments, we are aiming for an increase of JPY1.8 billion from the previous year and an operating profit of JPY24 billion.

FY2024/3 Full year forecasts Domestic business



- Snacks: Will implement price/content revisions in June
In gift snack items, inbound demand is expected to recover
- Cereals: Review SKUs and implement effective promotions to recapture customers that have left the brand and acquire new ones

(Billion yen)

	FY2024/3		
		Change(YoY)	
Domestic sales	213.0	+5.9	+2.8%
Snacks	200.2	+6.2	+3.2%
<i>Potato Chips</i>	94.5	+3.6	+3.9%
<i>Jagarico</i>	42.0	+2.0	+5.0%
Snack food products with new value / other snacks	63.7	+0.6	+0.9%
Cereals	24.6	+0.4	+1.6%
Others (Sweet potatoes, Potatoes, Services)	15.2	+1.5	+10.7%
Rebates deducted from sales	-27.0	-2.1	—
Domestic operating profit	20.8	+1.2	+5.9%
Operating margin	9.8%	+0.3pts	—

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See slide 19.

In the domestic business, we plan to increase sales and profits by implementing price revisions for major snack products in June.

We plan to proceed with effective promotions to minimize the impact of the price revision on cooling consumption. In addition, for gift snack items, we will work hard to capture inbound demand, which is on a recovery trend.

For cereals, we will aim to lure back previous customers and attract new customers by launching products and promotions that reach out to consumers.

FY2024/3 Full year forecasts Overseas business



- North America: Growth in *Harvest Snaps* and Japan brands
Aim for profit growth through integration of management structures
- Greater China: Implement promotions to increase brand awareness
Enhance existing physical channels, expand new e-commerce channels
Strengthen snack product line-up, enter hot cereals market

(Billion yen)

<Forecasts by region>	FY2024/3		
		Change(YoY)	
Overseas sales	80.0	+7.8	+10.8%
North America	25.0	+2.8	+12.5%
Greater China	25.5	+2.1	+8.9%
Other regions	39.5	+3.3	+9.0%
Rebates deducted from sales	-10.0	-0.3	—
Overseas operating profit	3.2	+0.61	+23.4%
Operating margin	4.0%	+0.4pts	—
North America	0.97	+0.19	+24.0%
Greater China	0.74	-0.19	-20.1%
Other regions	1.49	+0.60	+68.5%

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See slide 20. This is our overseas business.

In the overseas business, we aim to increase both sales and profits, anticipating an increase in volume and the effects of price and standard revisions.

In North America, we will continue to strengthen the *Harvest Snaps* brand and expand sales of products originating from Japan. In April, we integrated our management structure and will achieve more sustainable and efficient profit growth.

In Greater China, we will aim for sales growth by expanding sales channels and product lineups for both snacks and cereals, while making upfront investments for brand recognition.

Investment plan



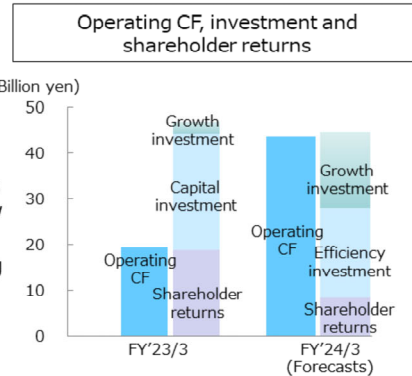
Invest in productivity improvement and growth areas, etc., using operating cash flows, cash on hand and borrowings

■ FY2023/3

- Capital investment: ¥25.7bn
 - Domestic business: ¥24.1bn (new Hiroshima plant ¥14.5bn)
 - Overseas business: ¥1.6bn (UK production facilities, etc.)
- Growth investment: ¥2.6bn (acquisition of shares in Greenday, etc.)

■ FY2024/3 (Forecasts)

- Growth investment: Investment to increase production capacity both in Japan and overseas (new *Jagarico* line, etc.), and in new value products and new businesses
- Efficiency investment: Investment contributing to raising productivity (new Hiroshima plant), for digital transformation, etc.



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See slide 21. This is the investment plan.

As for capital expenditures for FY2024/3, based on the three-year cash allocation assumption, we will systematically invest in growth investments. This includes efficiency improvements at the new Hiroshima Plant and a new line of *Jagarico* products.

The new *Jagarico* line is expected to start operation in H2. The new Hiroshima plant is expected to start operation in the next fiscal year, with some of the lines starting in winter 2024 or later.

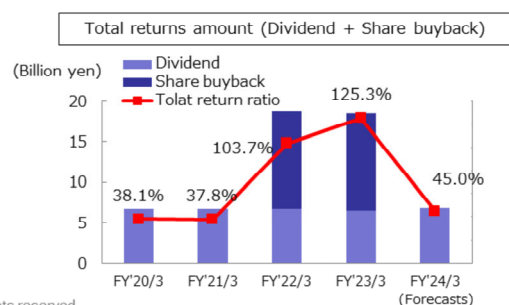
We will also aggressively invest in DX, new value-added products, and new businesses that will serve as the foundation for medium- and long-term growth.

Shareholder returns



Aim to stably increase dividends with a total return ratio of 50% and more and DOE of 4%.

	FY2022/3	FY2023/3	FY2024/3 Forecasts
Dividend per share (Yen) (YoY)	52 (+2)	52 (±0)	54 (+2)
DOE	3.9%	3.8%	3.8%
Total return ratio	103.7%	125.3%	45.0%
Total dividend amount (Billion yen)	6.7	6.5	6.8
Total share repurchase amount (Billion yen)	12	12	-



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Next, please see slide 22.

Regarding shareholder returns, we aim for a total return ratio of at least 50% and a DOE of 4%. We intend to increase dividends on a stable and continuous basis.

Shareholder returns for FY2023/3 included a JPY12 billion share buyback in addition to dividends.

The dividend per share for FY2023/3 will be JPY52 per share, as planned, to be submitted to the General Meeting of Shareholders. The Company plans to pay a dividend of JPY54 per share for FY2024/3, an increase of JPY2 from the previous fiscal year.

This concludes my presentation.

Thank you for your attention.

Reference material

Consolidated profit and loss statement

Harvest the Power of Nature.

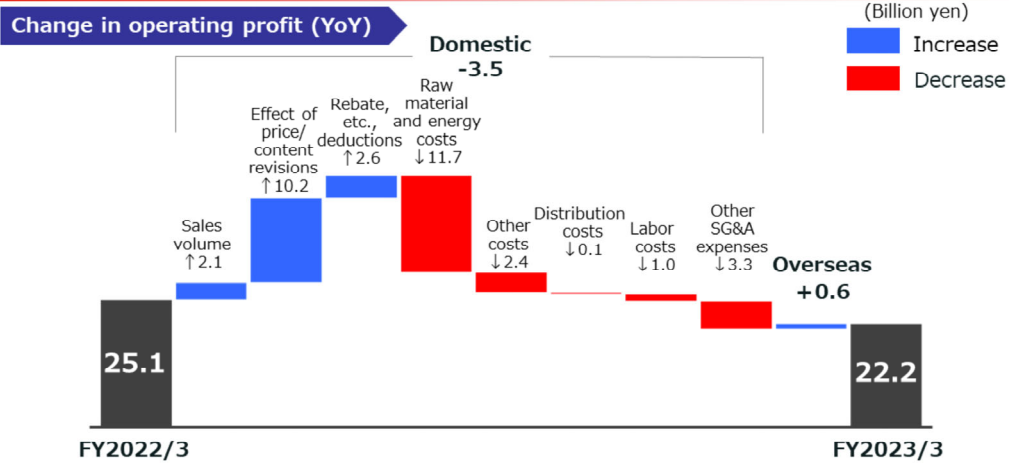
(Million yen)

	FY2023/3				FY2024/3 Forecasts		
		Percent of total(%)	Change (YoY) (%)	vs. plan Ratio* (%)		Percent of total(%)	Change (YoY) (%)
Net sales	279,315	100.0	+13.8	101.9	293,000	100.0	+4.9
Gross profit	90,200	32.3	+7.4	104.6	95,700	32.7	+6.1
SG&A	67,967	24.3	+15.6	105.9	71,700	24.5	+5.5
Selling	10,967	3.9	+32.5	103.5	11,800	4.0	+7.6
Distribution	21,675	7.8	+8.1	103.2	22,800	7.8	+5.2
Labor	21,788	7.8	+11.3	104.3	23,400	8.0	+7.4
Others	13,536	4.8	+24.1	115.7	13,700	4.7	+1.2
Operating profit	22,233	8.0	-11.5	101.1	24,000	8.2	+7.9
Ordinary profit	23,460	8.4	-12.9	93.8	23,500	8.0	+0.2
Extraordinary income/loss	-819	-	-	-	-500	-	-
Net profit**	14,772	5.3	-18.2	95.3	15,000	5.1	+1.5

* Revised plan as of first half of the fiscal year ended March 2023

**Profit attributable to owners of parent

FY2023/3 Operating profit analysis



Domestic

- Rebate, etc., deductions: Result of continuous improvement in sales promotion costs
- Raw material/energy costs: Cooking oil (-¥2.3bn), imported raw materials (-¥1.6bn), domestic potatoes (-¥1.2bn), packaging (-¥2.2bn), energy costs (-¥2.5bn)
- Other costs: Higher labor costs in response to chronic labor shortage (-¥0.8bn)
- Other: Invested in advertising coinciding with price/content revisions (-¥0.6bn), higher expenditures due to normalization of socio-economic activity (-¥0.3bn), systems investment (-¥0.4bn), recategorization of rebate, etc., deductions accompanying direct transactions (-¥1.0bn)

Overseas

- Effect of price/content revisions (+¥5.6bn), raw material and energy costs (-¥3.2bn)

FY2023/3 Domestic business

*YoY



Snacks

■ Potato Chips:

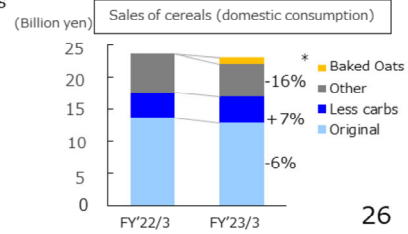
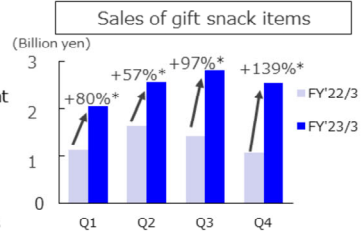
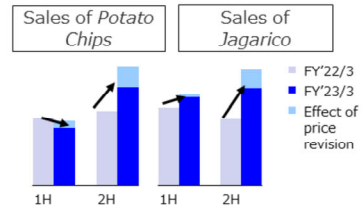
- In H1, sales fell on restrained marketing activities due to a potato shortage
- In H2, sales volumes rose even after price revisions in September on the larger Hokkaido potato harvest and firm demand
- Marketing initiatives after price revisions, such as increased volume and investment in new products, succeeded

■ Jagarico:

- Strong demand continued from H1 on increased outings due to COVID-19 having receded
- Sales rose significantly even after price revisions on proactive investment in TV commercials and limited-time products

■ Products with new value and other snacks:

- Sales of gift snack items such as *Jaga-Pokkuru* rose significantly on increased domestic travel due to nationwide programs to support travel and recovery in inbound demand due to the relaxation of border policies
- Sales of corn-based snacks rose on their having been the sales focus while *Potato Chips* sales promotions were restrained, as well as investment in marketing activities such as TV commercials



Cereals

- Entered oatmeal market in April with launch of *Baked Oats*
- Sales rose as the launch of the second Less Carbohydrates product, *Berry Cacao*, contributed
- Sales of the original product fell due to lower demand

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FY2023/3 Overseas business

North America

■ Sales

- Strong sales of *Harvest Snaps* continued after price revisions, derivative brand *Crunch Loops* contributed too
- Sales of snacks for ethnic foods areas rose on resolution of container shortages and expansion of sales channels
- Lower OEM sales at Warnock

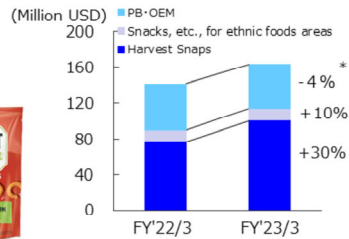
■ Operating profit

- Profit increased as costs ratio improved on higher sales of *Harvest snaps*



Harvest Snaps derivative brand Crunchy Loops

Sales in North America (+15%*)



Greater China

■ Sales

- Proactively conducted brand ambassador promotions, raising brand awareness
- In snacks, *Honey Butter Chip* and products for babies and kids contributed
- Sales rose on expanded sales of *Frugra Less Carbohydrates* and launch of locally-produced muesli

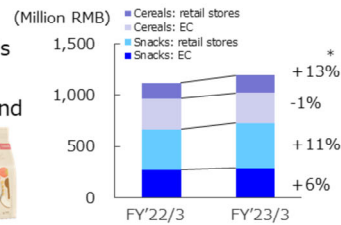
■ Operating profit

- Profit fell due to invest funds in promotions to enhance branding and sales



Muesli made by a local OEM

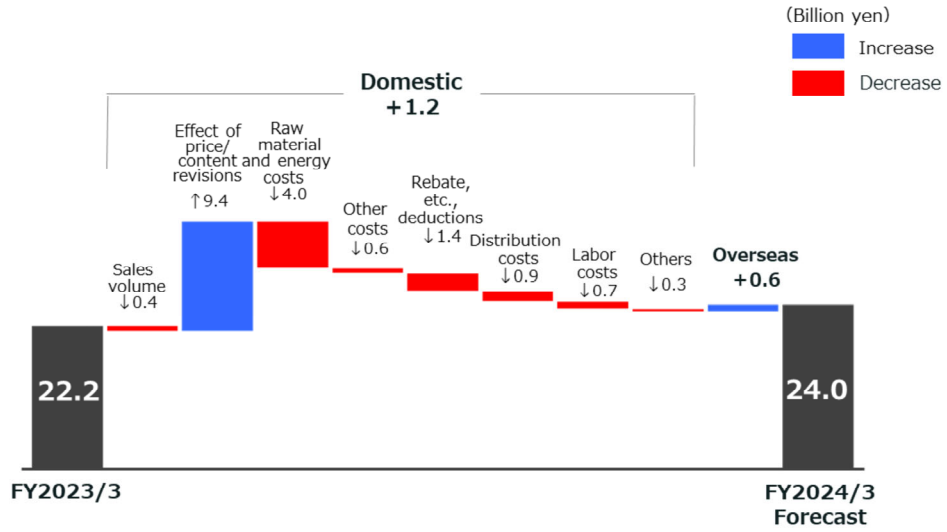
Sales in Greater China (+6%*)



FY2024/3 Full Year Forecast



Change in operating profit (YoY)



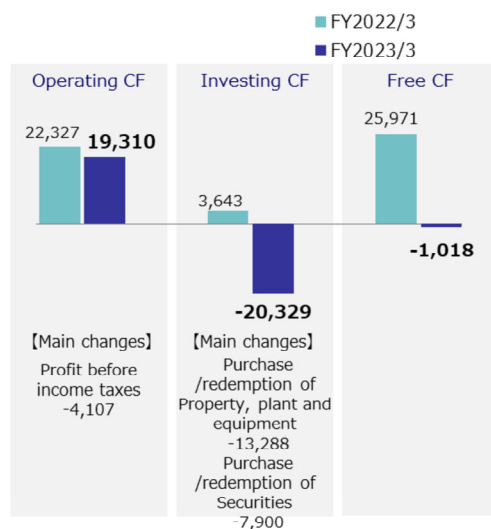
Cash flows and financial condition



(Numbers in parentheses are change from March 31, 2022)

■ Consolidated cash flows (Million yen)

Cash and cash equivalents
 March 31, 2022 49,670 ▶ **March 31, 2023 30,292**
 (-19,378)



■ Consolidated balance sheets (Million yen)

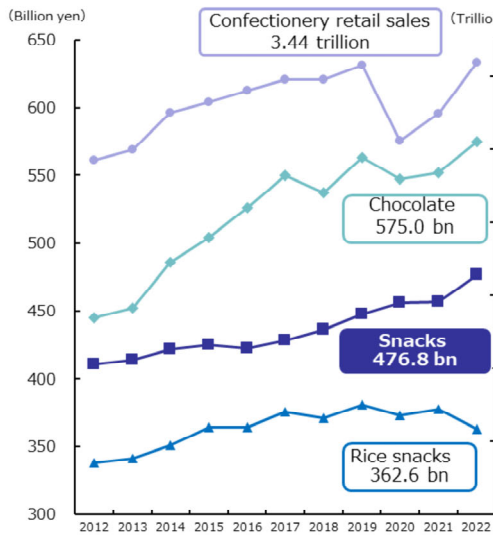
As of March 31, 2023
Total assets 239,095 (+2,496)

Current assets 98,970 (-16,201)	Current liabilities 45,663 (+3,403)	【Main changes】 Notes and accounts payable - trade +1,703
【Main changes】 Securities -23,999 Inventories +5,350	Non-current liabilities 10,745 (-135)	
Non-current assets 140,124 (+18,697)	Net assets 182,686 (-771)	【Main changes】 Treasury shares -11,927 Retained earnings +8,044
【Main changes】 Property, plant and equipment +18,554		

Domestic market

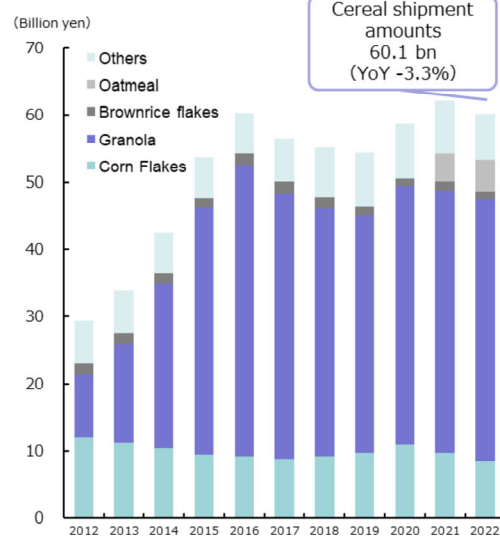


Domestic confectionery market



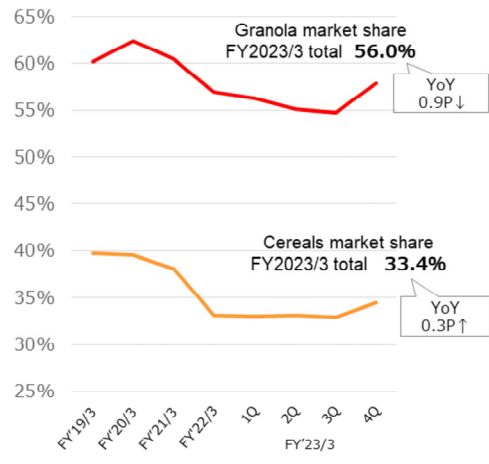
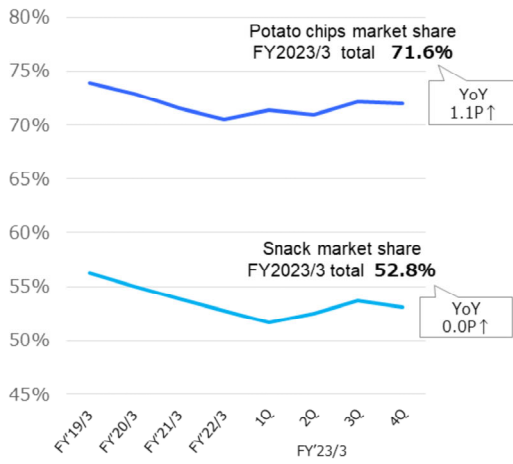
Source: All Nippon Kashi Association

Domestic cereal market



Source: Japan Snack Cereal Foods Association

Domestic market share



Market share by snack category

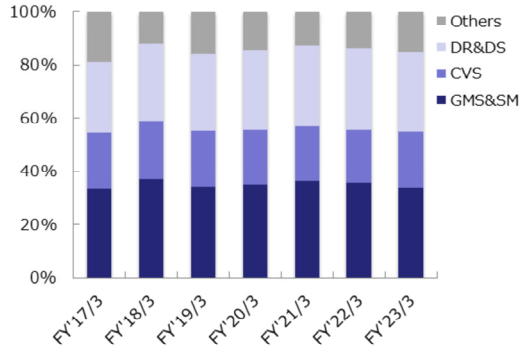
	Potato-based snacks	Flour-based snacks	Corn-based snacks	Bean-based snacks
FY2023/3 (YoY)	74.4% (0.9P ↑)	53.7% (1.1P ↓)	21.5% (0.8P ↓)	55.0% (0.1P ↓)

* Source: Intage SRI+ based on sales (nationwide, all retail formats)
 From FY2023/3 Q3 Intage SRI+ has changed the scope of its statistics; prior figures have been revised to reflect the new scope.
 FY2023/3: April 2022 – March 2023
 FY'19/3-FY'23/3: April 2018 – March 2023

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

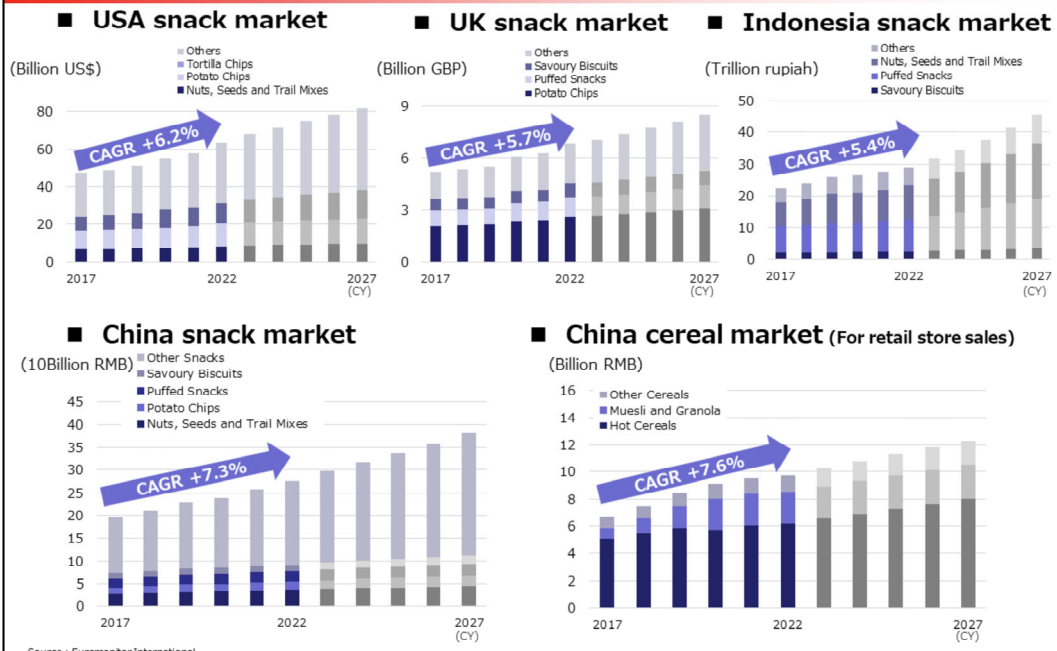
Domestic business status

■ Sales composition by business



* Calbee alone (manufacturer shipped goods basis)

Overseas market by country



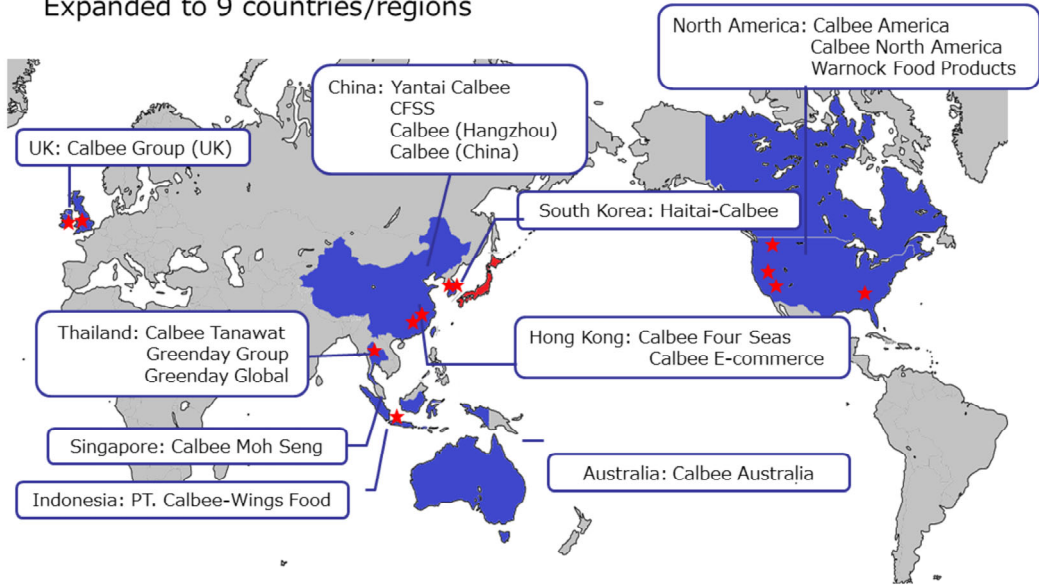
Source : Euromonitor International
 Category : Snack (Savoury Snacks : Nuts, Seeds and Trail Mixes, Salty Snacks, Savoury Biscuits, Popcorn, Pretzels, Other Savoury Snacks) Cereal : Breakfast Cereals (Hot Cereals, RTE Cereals) 2023-2027 : Forecast
 * The aggregation range of the Chinese snack market has been changed from the fiscal year ended March 2022.
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Overseas business status



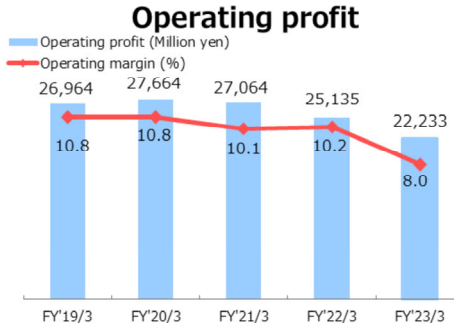
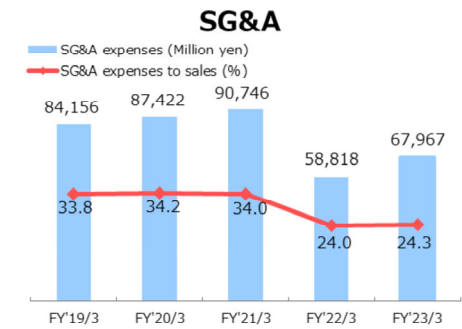
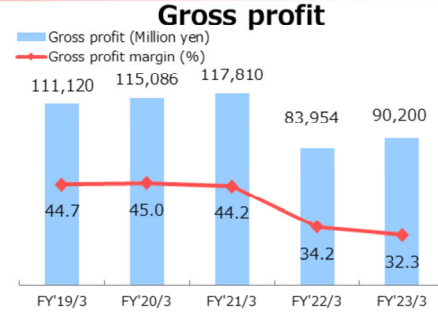
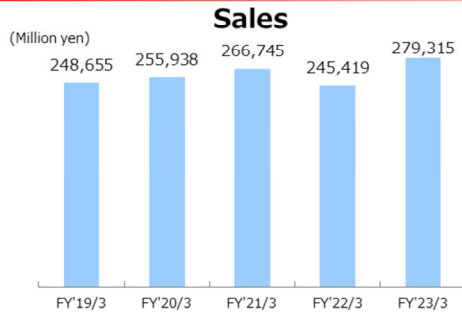
■ **Overseas locations** (as of March 31, 2023)
Expanded to 9 countries/regions

★ Production facilities



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Financial highlights 1

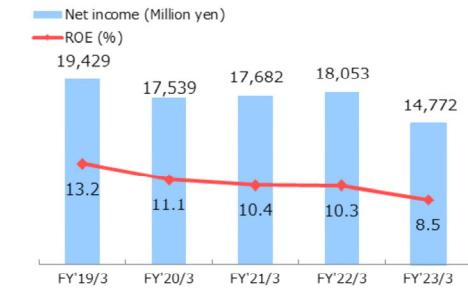


* Effective from the beginning of fiscal year ended March 31, 2022, the Group adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and changed the method to deduct a portion of selling expenses (rebates, etc.) from sales, which was previously recorded in selling, general and administrative expenses.
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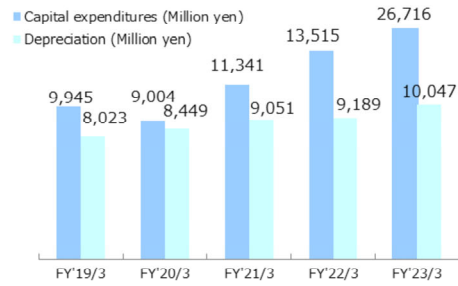
Financial highlights 2



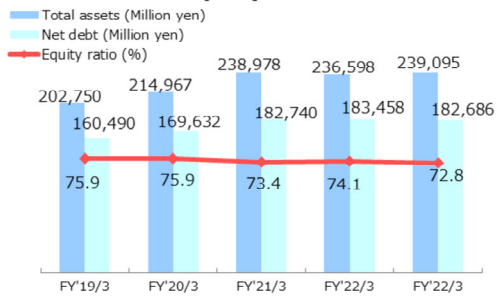
Net income/ROE



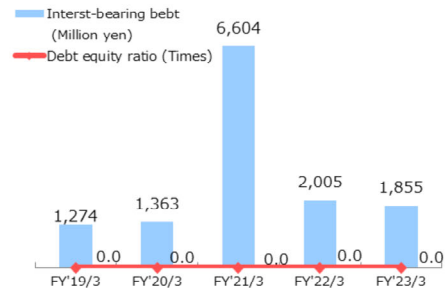
Capital expenditures/Depreciation



Equity ratio



Debt to equity ratio



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Jun. 2023 price/content revisions



Effective date	FY'22/3	FY'23/3			FY'24/3
	Jan-Feb. 2022	Jun-Jul. 2022	Sep-Oct. 2022	Nov. 2022	Jun. 2023
Target products					
Sales of target products	¥80.0bn	¥23.0bn	¥120.0bn	¥18.0bn	¥82.0bn
Revisions	Content : -5% Price : +7-10%	Content : -10% Price : +10-20%	Price : +10-20%	Price : +10-20%	Price : +3-15%

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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 ended 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 Results Presentation Q&A

May 9, 2023

Q1: Looking at domestic snack sales in the plan for FY2024/3, momentum appears to be weak. What is your outlook for the effect of price and content revisions and volume growth?

We expect the impact on operating profit from price and content revisions to be plus 9.4 billion yen and the impact from volume to be minus 0.4 billion yen. With previous revisions, although there was some variation from shop to shop, retail price increases have generally remained in the double digits. However we are looking at volume conservatively; a higher number of shops are expected to achieve triple digit retail price increases due to the June revisions. Production capacity for *Potato Chips* has reached its limit, and it will be difficult to achieve large volume growth like before. We intend to solve this by increasing production capacity through capital investment in the new Hiroshima plant and other facilities.

Q2: Please provide a breakdown of the sharp rise in raw material and energy costs in the FY2024/3 plan.

Compared to the previous year, we expect costs to increase by 1.6 billion yen for packaging materials, 0.6 billion yen for cooking oil, 0.4 billion yen for domestic potatoes and 0.8 billion yen for energy costs. We do not expect exchange rates and freight rates to change significantly from recent figures. We expect cost increases to be larger in the first half than in the second half of FY2024/3. Although we have not yet finalized all pricing for the full year, we will proceed with negotiations to keep prices within the amount of this impact.

Q3: Is the profit plan for FY2024/3 a target that must be achieved? Is there room for further profit upside?

We believe that the consolidated operating profit target of 24 billion yen is a must-achieve target. We think it is possible that profits will be higher due to sales growth, but we would like to invest some of the higher profits in growth areas.

Q4: What were the sales of gift snack items for FY2023/3 and what is the plan for FY2024/3? How much inbound demand are you anticipating?

There were sales of approximately 10 billion yen in FY2023/3, and we forecast 11 billion yen (+10%) in FY2024/3. Although inbound demand is returning, a percentage of inbound sales in total sales of gift snack items is still small compared to its pre-COVID heyday, so we see room for it to increase.

Q5: What are your assumptions for future costs and growth investment in the domestic business? And what do you see as the return on such investment?

We expect the domestic business to generate more profit through efficiency improvements, and envision investing about half of such profit in growth areas. Investments will be in areas including human resources, marketing, and augmentation of facilities such as the new Hiroshima plant. We will closely monitor returns on investment in human resources, marketing, and other areas.

Q6: What advantages over competitors or gains in market share do you envision with your aim of improving brand value?

We do not intend to further expand our already large market share, but rather to raise sales by maintaining our market share, creating products that customers will find valuable, and raising prices commensurately with that added value. We are not so much conscious of our competitors as we are conscious of our customers. We want to increase the added value unique to Calbee, i.e., taste, fun and health, to gain the support of customers. At the same time, we will also need to cut costs and achieve prices that are acceptable to a wide range of customers.

Q7: How is the optimization of sales, operation, and supply reflected in the FY2024/3 plan? How will the reduction of SKUs be done?

The reduction in SKUs may free up production capacity from the second half of FY2024/3, but it is not expected to make a significant contribution to profits until the next financial year onwards. Of the 1,300 SKUs currently in use, about half of them account for approximately 90% of sales, so we moving to reduce the number of SKUs by about 300. Currently, an excess of SKUs is lowering production efficiency, and we are unable to respond to customer requests while production capacity is at its upper limit. In addition to future capital investment, we will increase production capacity by improving production efficiency through SKU reduction, which we believe will result in higher sales.

Q8: How much will production capacity increase due to the operation of the new Hiroshima plant? Will there be any problems with procuring a sufficient quantity of potatoes?

There will be an approximately 10 billion yen increase in production capacity. We are on track to procure the corresponding quantity of potatoes.

Q9: Please explain how Calbee will change over the next three years.

In the past, Calbee has steadily increased sales and profits, but were not able to make large investments, including capital investment. This has led to the present production capacity limitations. Based on this realization, we believe that continuous investment is essential for growth over the medium- to long-term. We will continue to enhance our strong domestic brand and expand our brand strength overseas to achieve profit growth, and will allocate a portion of the cash earned to investments, which will connect to sustainable growth.

END