




Calbee Group Financial Results

First half of fiscal year ending March 31, 2024
April 1, 2023 – September 30, 2023

TSE code : 2229

Calbee, Inc.

Oct. 31, 2023



**1. FY2024/3 H1 recap, full year forecast
and Change 2025 growth strategy**

Makoto Ehara, President & CEO

**2. FY2024/3 H1 financial results and
forecast revisions**

**Kazuhiro Tanabe, Executive Officer &
CFO**

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**Kazuhiro Tanabe, Executive Officer &
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Executive summary

H1 recap and full year forecast

- H1 sales and profit rose, surpassed plan too
 - Net sales ¥147.1bn (+¥13.9bn YoY, +¥4.1bn vs. plan)**
 - Operating profit ¥13.5bn (+¥3.3bn YoY, +¥1.8bn vs. plan)**
 - Domestic snack sales maintained solid momentum
 - Overseas, Indonesia and the UK drove higher profit
- Upwardly revised full year forecast
 - Net sales ¥298.0bn (+¥5.0bn vs. initial plan)**
 - Operating profit ¥26.0bn (+¥2.0bn vs. initial plan)**

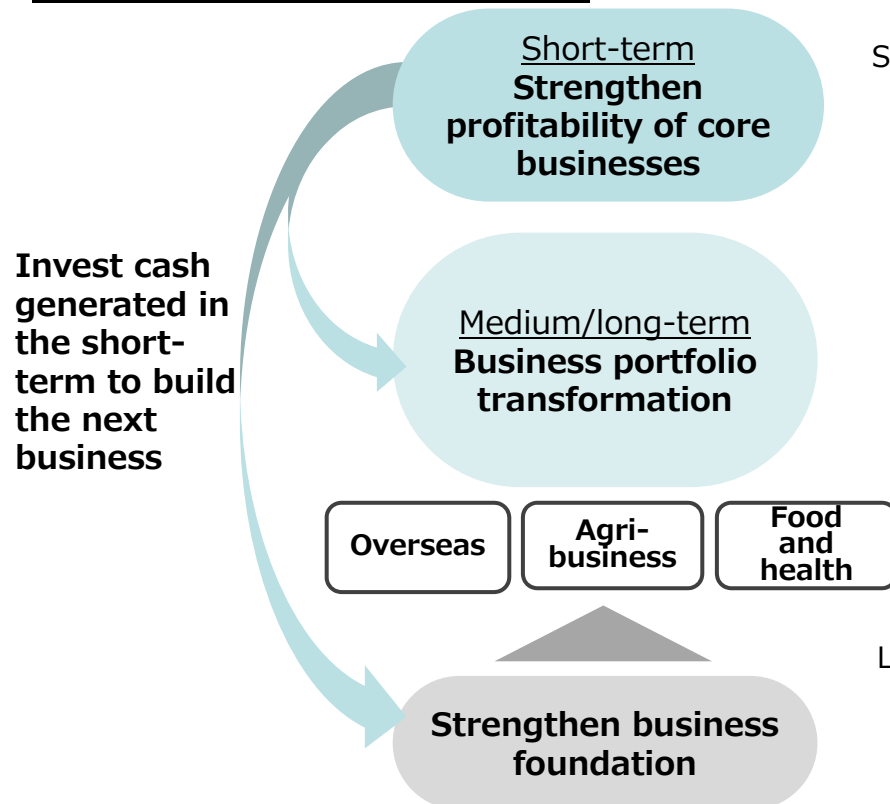
Change 2025 growth strategy

- Steadily advance initiatives for key policies based on recent changes in the market environment
 - Elevate brand value and enhance expansion of added-value products
 - Enhance overseas business foundations in North America, China
 - Implement steady initiatives in new areas
 - Invest in human resources development and foster awareness of reform

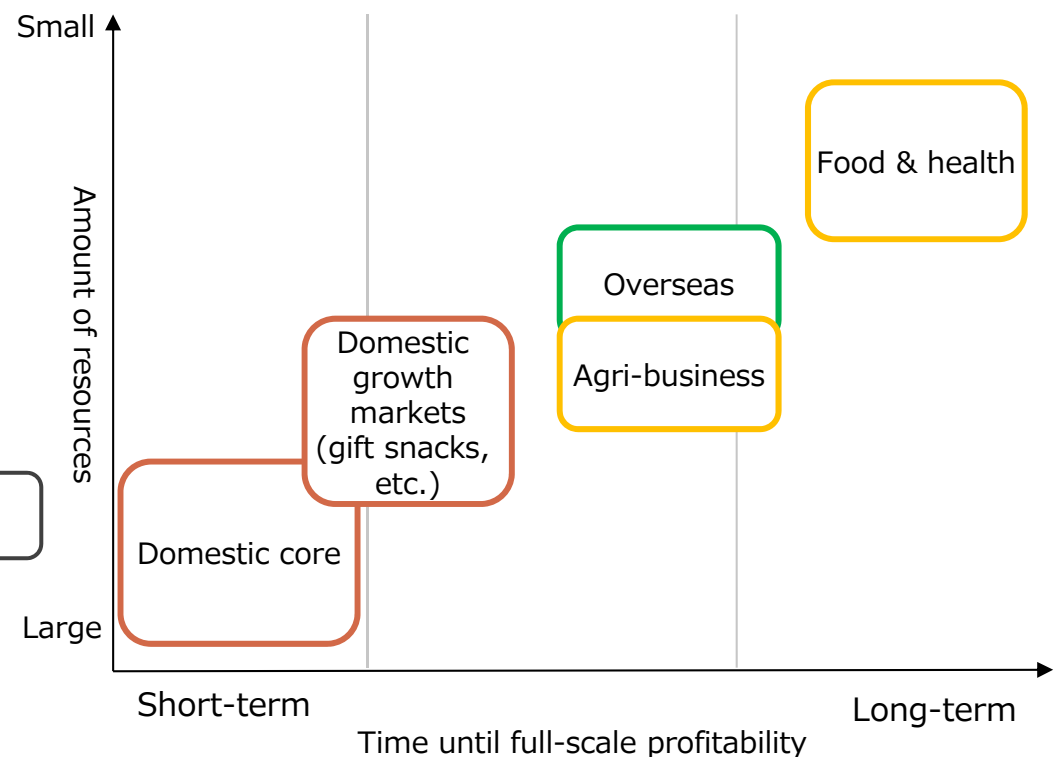
Change 2025 Growth Strategy

Business structure reforms for future growth
Strengthen profitability of domestic core businesses and
invest in business platforms towards medium-term business
portfolio reform

Cash allocation rationale



Business portfolio reform direction



Change 2025 *Growth Guidance and Key Policies*

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%+

1) Domestic core business

Enhance profitability by raising added value through strengthening brand and optimizing sales, operations and supply

Domestic operating profit growth +6-8%

2) Overseas business

Expand global brands from Japan through selective and focused investment

Overseas sales ratio 30-35%

New areas 3) Agri-business 4) Food & health

Strengthen base towards expanding Natural ingredients platform

Build a new business model that contributes to healthy lifestyles

Ratio of sales in new areas* 5%

*Refers to new areas such as agri-business, food and health, etc.

Business foundation

Organization

Human resources

Sustainability

Change 2025 *Progress of Key Policies*

Domestic core business

Aim to further raise added value of differentiated products by strengthening brands
Strengthen basic product brands too by optimizing sales/operations/supply

■ Review

- Raised prices in response to sharply higher costs
- Achieved firm sales even after price increases

■ Brand strategy conversion

- While recovering sharply higher costs, advance strategic brand enhancement via consumers

Add value to differentiated products

- Implemented additional price hikes for gift snack items
- Launched *JagaRico* derivative product *the skinny JagaRico* to provide new value



+

Enhance basic product brands

- Concentrated marketing investment, decided to focus investment on *Potato Chips* regular items



Investment

Sales/operations/supply optimization

- Created structure for profit/loss visualization by SKU for priority brands
- Realized concept for value chain optimization system

Change 2025 *Progress of Key Policies*

Overseas business

Towards expanding development of brands of Japanese origin, advance enhancement of foundation such as localizing marketing/development, sales structure, supply structure, etc.

China

Promote value of Japanese potato sticks, expand *Frugra* in response to local needs

<Focus points>

- Strengthened combined retail stores/e-commerce sales structure
- Closely watched timing for expanding comms investment
- Expanded supply from production facilities in nearby countries, prepared to select production facilities in China



China: Began importing *Jagabee* from Thailand

North America

Strengthen expansion of brands of Japanese origin centered on *Harvest Snaps*

<Focus points>

- Strengthened *Harvest Snaps* and grew lineup
- Enhanced sales structure towards growing brands of Japanese origin (*Kappa-Ebisen*, *JagaRico*, etc.)
- Began considering local production of global brands



North America: Expanded *JagaRico* at Costco

Change 2025 *Progress of Key Policies*

New area: Agri-business

As a natural ingredients platform provider, advance initiatives from potato/sweet potato raw material procurement to outlet expansion

Establish new business model of potato

Collaborate with agricultural cooperatives, universities/research institutions

Raw material procurement

Outlet expansion

Potatoes

- Expanded demand for domestic potatoes
- Expanded procurement by switching from general use to high added-value potatoes suitable for processing
- Variety development/enhancement



Poroshiri, a variety developed by Calbee

- Developed new added value products for eating-out/eating-in, where growth is expected

Expand potato business model to other natural ingredients

Sweet potatoes

- Expanded sweet potato procurement volume



Original *Beni-Tenshi* brand

- Enhanced production structure for original brand baked/dried potatoes
- Developed business for sweet potatoes' added value in health/beauty, including overseas

Change 2025 *Progress of Key Policies*

New area: Food & health

Promote commercialization by collaborating with promising startups, proactively considering M&A opportunities, etc.

Create a comprehensive food solution platform

Understand customer needs
Personalize



Incentivize to stay with service
Combine digital capabilities with a human touch



Expand options
Offer diverse solutions

Strengthen basic research, including collaboration with external institutions

Intestinal flora research, sleep research, time nutrition, etc.

Today's news release

Calbee Invests in TownDoctor, a Dietary Coaching Service Provider
We will create a personal dietary habits consultation program towards establishing a food solution platform

Calbee ×  **TownDoctor**

Change 2025 *Progress of Key Policies*

Business foundation: Human resources

Human resource development encouraging new challenges and promoting higher engagement towards Calbee's growth

Three strategies for human resource development

1. Enhance training of management / global / DX human resources

- Established company-wide human resources development committee, and constructed a cycle of selection, training and evaluation
- Launched Calbee Next Leader Program (leadership), and Global Mindset Building Program (junior personnel)

2. Support each employee's individual growth and career independence

- Carried out careers dialogue (introduced Career Exploration Notes) and expanded career self-selection (i.e. self-reporting system, etc.)
- Created stretch goals to encourage employees to challenge themselves

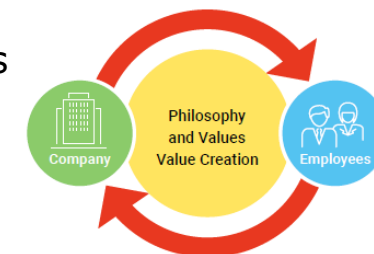
3. Foster a corporate culture of mutual growth

- Making corporate transformation a personal matter (held over 40 roundtables in Japan and overseas)

Active roles for all employees

Company and employees connect through mutual interest

Share understanding and expectations of work
Provide opportunities and support growth



Continued mutual growth and contribution
Find meaning and significance in work



1. FY2024/3 H1 recap, full year forecast and Change 2025 growth strategy

Makoto Ehara, President & CEO

2. **FY2024/3 H1 financial results and forecast revisions**

Kazuhiro Tanabe, Executive Officer & CFO

FY2024/3 H1 Results highlights

Summary

Net sales ¥147.1bn (+¥13.9bn YoY, +¥4.1bn vs. plan)

Operating profit ¥13.5bn (+¥3.3bn YoY, +¥1.8bn vs. plan)

- <YoY>**
- Domestic sales and profit increased due to strong sales of snacks, in addition to the effect of price and content revisions more than offsetting soaring costs.
 - Overseas sales and profit increased due to continued strong sales in the UK and Indonesia, despite sluggish sales in Greater China.

- <Vs. plan>**
- Both domestic and overseas operating profit exceeded the plan.
 - In Japan, an upswing from the effect of price and content revisions and a curbing of sales promotion costs contributed to the increase in operating profit.
 - Overseas, while North America failed to achieve the target, other regions such as the UK and Indonesia contributed.

(Billion yen)

	FY2024/3 H1	FY2023/3 H1	Change	FY2024/3 H1 plan	vs. plan Ratio
Net sales	147.1	133.2	+10.4%	143.0	102.8%
Domestic	110.3	97.8	+12.8%	104.0	106.1%
Overseas	36.8	35.4	+3.7%	39.0	94.2%
Operating profit	13.5	10.2	+31.9%	11.7	115.5%
Operating margin	9.2%	7.7%	+1.5pts	8.2%	+1.0pts
Domestic	11.6	8.9	+30.3%	10.1	115.1%
Overseas	1.9	1.3	+42.4%	1.6	117.7%
Ordinary profit	16.6	12.7	+30.9%	11.5	145.3%
Net profit *	10.9	8.3	+30.7%	7.3	148.8%

*Profit attributable to owners of parent

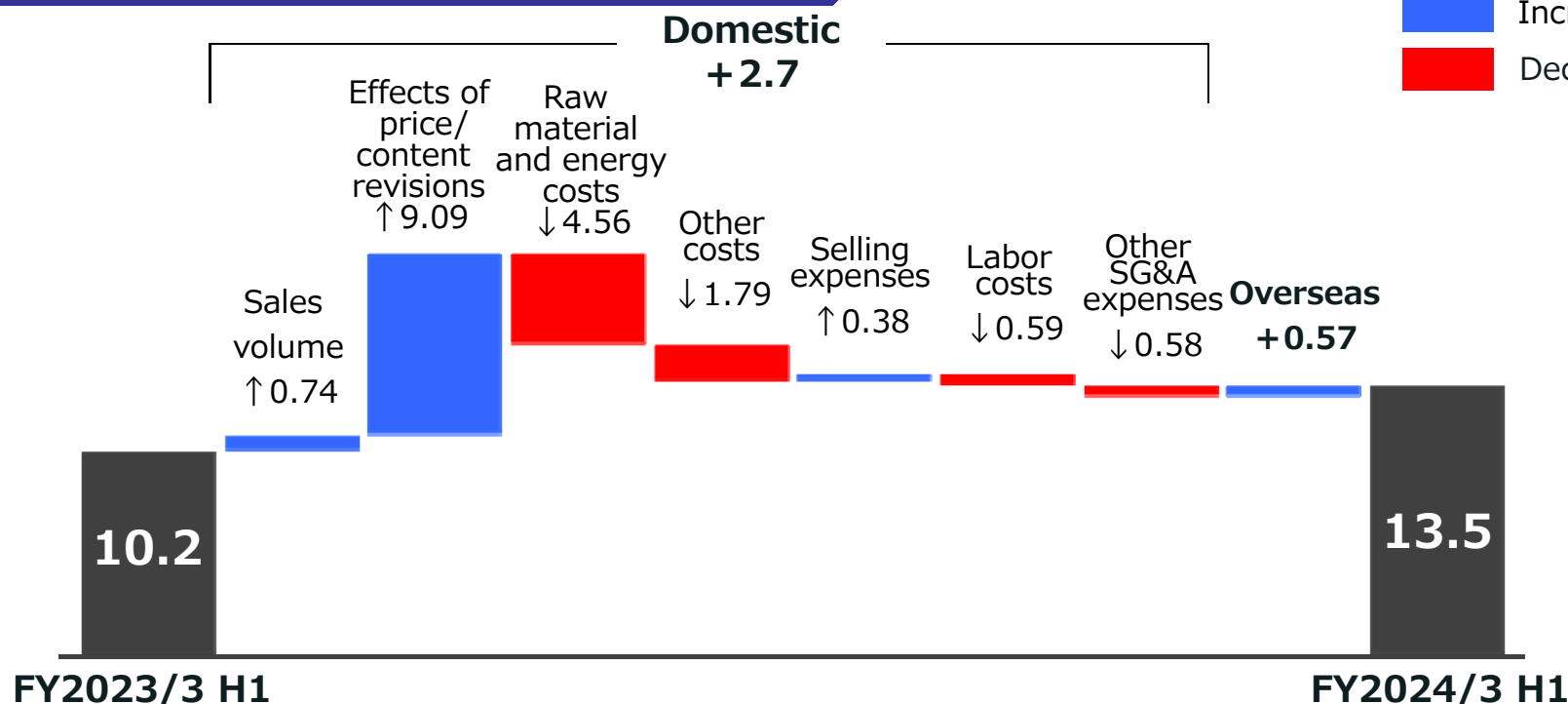
FY2024/3 H1 Results highlights



Change in operating profit (YoY)

(Billion yen)

Blue: Increase
Red: Decrease



Domestic

Sales volume: Grew due to strong snack sales
 Raw material/energy costs: Imported raw materials (-¥1.4bn), packaging materials (-¥1.3bn), cooking oil (-¥1.1bn), domestic potatoes (-¥0.5bn), energy costs (-¥0.1bn)
 Other costs: Increased labor costs in response to labor shortage, decreased profitability of *Kaitsuka* (sweet potato business)
 Selling expenses: Controlled sales promotion costs (+¥0.7bn), marketing investment (-¥0.3bn)
 Other expenses: Increased travel expenses on system investment and normalization of socioeconomic activities

Overseas

Effect of price/content revisions (+¥1.2bn), raw material and energy costs (-¥0.7bn)

FY2024/3 H1 Domestic business



- **Snacks** Sales increased in all categories due to price and content revisions and firm demand. In addition to growth in *Potato Chips* due to a rebound from the previous year's potato shortage, strong sales of gift snack items and *JagaRico* related to increased people flows also contributed
- **Cereals** Calbee's market share increased, but sales decreased due to contraction of the cereal market
- **Others** In the sweet potato business, sales of mainstay brand *Beni-Tenshi* were strong, but profit declined due to soaring costs and changes in the current price environment

(Billion yen)

	FY2024/3 H1		
		Change(YoY)	
Domestic sales	110.3	+12.5	+12.8%
Snacks	102.9	+12.9	+14.3%
<i>Potato Chips</i>	46.1	+5.5	+13.5%
<i>JagaRico</i>	21.4	+2.4	+12.6%
Other snacks	35.4	+5.0	+16.4%
Cereals	13.2	-0.3	-1.9%
Others (Agri, Food and health, Services)	6.4	+0.8	+14.2%
Rebates deducted from sales	-12.2	-0.9	—
Domestic operating profit	11.6	+2.7	+30.3%
Operating margin	10.5%	+1.4pts	—

*Amounts for sales of Snacks, Cereals and Others (Agri, Food and health, Services) are prior to deduction of rebates, etc.

FY2024/3 H1 Domestic business

Snacks

■ Potato Chips

- Demand is gradually recovering after the June price and content revisions
- Sales of basic products such as *Usu-Shio Flavor* and *Kata-Age Potato* grew

■ JagaRico

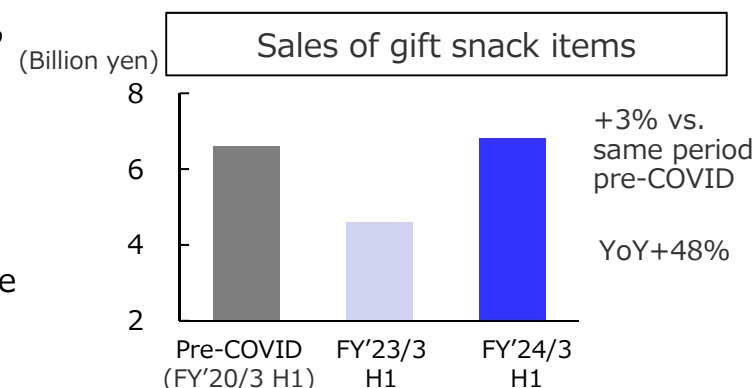
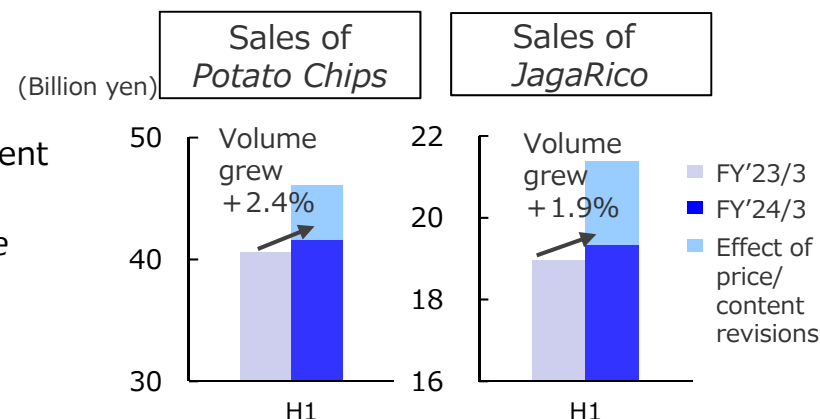
- In response to strong demand, sales efforts were concentrated on basic products and postponed launches of limited-time products
- Launch of new product *The skinny JagaRico* also contributed



New product
The skinny JagaRico

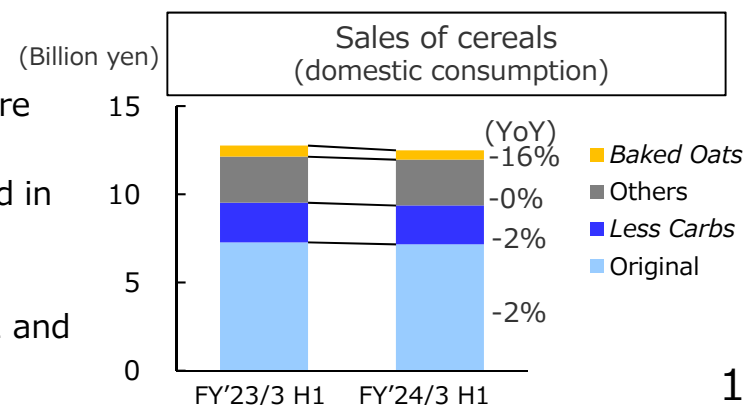
■ Other snacks

- Gift snack items recovered to their pre-pandemic level on increased domestic travel and inbound demand
- Sales of wheat-, corn-, and bean-based snacks increased on the effect of price/content revisions as well as a sense of relative affordability and successful TV commercials



Cereals

- The cereal market continues to shrink, but Calbee's market share improved (+1.3pts*)
- In addition to a YoY decline in *Baked Oats*, which were launched in April last year, original and *Less Carbs* large-volume products continued to perform poorly
- Aim to increase customers by reviewing brands and SKUs in H2 and beyond



FY2024/3 H1 Overseas business



- **North America** Sales of *Harvest Snaps* and brands of Japanese origin were strong, but PB and OEM sales continued to be sluggish, resulting in a YoY decline on a local currency basis.
- **Greater China** Continued decline in both retail and e-commerce sales
- **Other regions** The UK: Expanded distribution of potato chips and launch of new pellet snack products contributed
Indonesia: Sales growth of potato chips and other products, as well as improved raw material costs contributed

<Business results by region>	FY2024/3 H1				(Billion yen)
		Change(YoY)		Change ex. forex in %	
Overseas sales	36.8	+1.3	+3.7%	-1.1%	
North America	11.6	+0.4	+3.3%	-2.4%	
Greater China	10.3	-1.2	-10.5%	-11.5%	
Other regions	19.8	+2.3	+13.2%	+7.0%	
Rebates deducted from sales	-4.9	-0.2	—	—	
Overseas operating profit	1.92	+0.57	+42.4%	—	
Operating margin	5.2%	+1.4pts	—	—	
North America	0.23	-0.37	-61.5%	—	
Greater China	0.48	+0.02	+4.5%	—	
Other regions	1.21	+0.92	+308.2%	—	

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

FY2024/3 H1 Overseas business

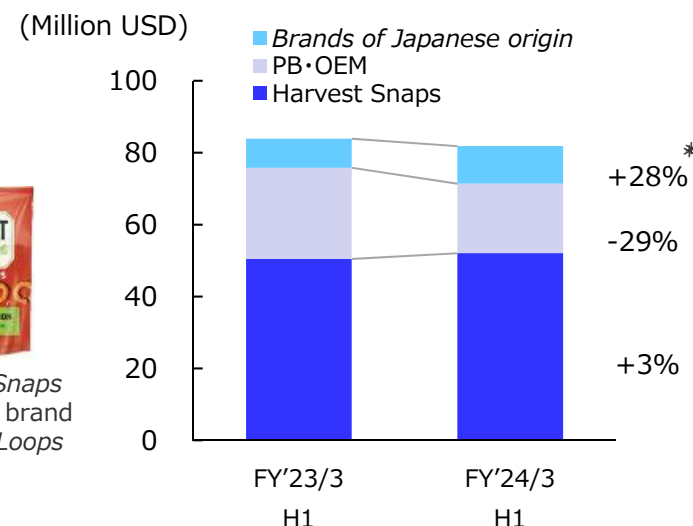
North America

■ Sales

- Sales fell on a decline in orders received as a result of restructuring in the PB and OEM industries
- Sales of *Harvest Snaps* were firm on strengthened sales to major retailers and expansion of sales of derivative brands
- Sales of brands of Japanese origin rose on continue strong demand and expansion of sales channels to US supermarkets, etc.



Sales in North America (-2%*)



■ Operating profit

- Profit fell as activities to improve fixed costs at PB and OEM plants proceeded, but could not cover the decline in sales, resulting in lower profit

Greater China

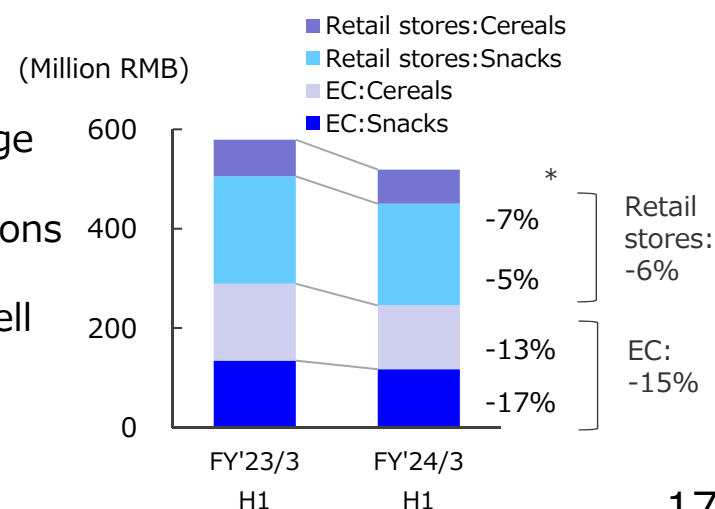
■ Sales

- Retail store sales remained sluggish in H1 despite the change of channel mix
- Prioritized e-commerce sales due to soaring sales commissions and marketing costs
- Growth channels expanded, but sales in existing channels fell due to the impact of voluntary restraint on live sales, etc.

■ Operating profit

- Profit rose on having controlled selling expenses

Sales in Greater China (-11%*)



FY2024/3 Revised forecasts

Summary

Upwardly revised net sales +¥5.0bn, operating profit +¥2.0 billion, and net profit +¥3.0 billion

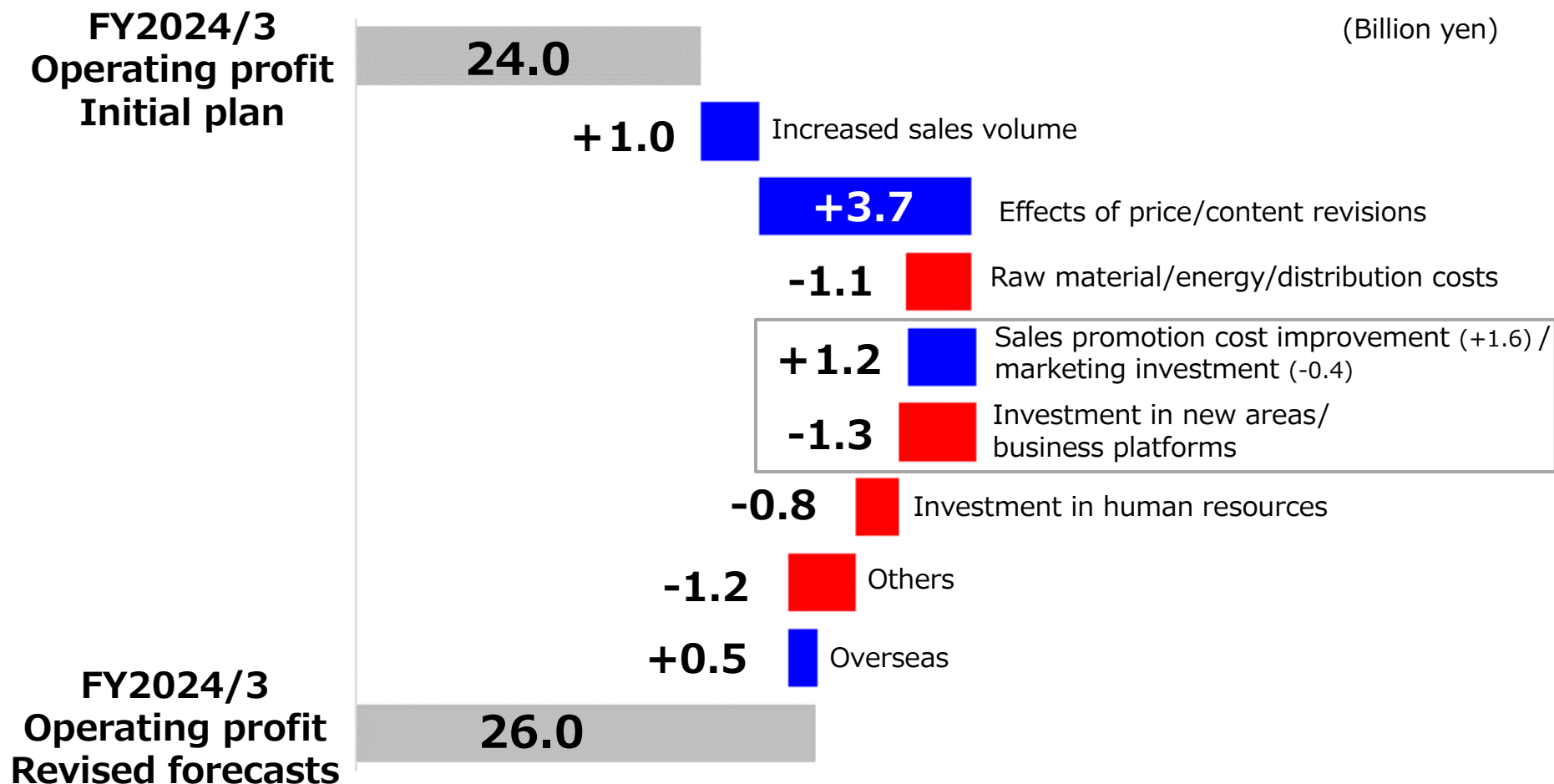
- Mainly reflects the favorable effects of strong domestic snack sales and price/content revisions.
- Revised exchange rate assumption (1USD = ¥133 → ¥145)
 - ◆ H2 Actions
 - Invest in marketing to further invigorate domestic sales
 - Capture inbound demand (gift snack items)
 - In key region of North America, expand sales channels for mainstay products and develop new customers for PB and OEM products
 - Upfront investment in human resources and new areas for medium- to long-term growth

	FY2024/3 (Initial Plan)	FY2024/3 (Revised Forecasts)	Change (vs Initial Plan)	(Billion yen)
Net sales	293.0	298.0	+5.0	
Domestic	213.0	223.0	+10.0	
Overseas	80.0	75.0	-5.0	
Operating profit	24.0	26.0	+2.0	
Operating margin	8.2%	8.7%	+0.5pts	
Domestic	20.8	22.3	+1.5	
Overseas	3.2	3.7	+0.5	
Ordinary profit	23.5	28.5	+5.0	
Net profit *	15.0	18.0	+3.0	

*Profit attributable to owners of parent

FY2024/3 full year forecast revisions

Change in operating profit (vs. Initial Plan)



Reference material

Consolidated profit and loss statement



(Million yen)

	FY2024/3 H1				FY2024/3 Initial plan		
		Percent of total(%)	Change (YoY) (%)	vs. plan Ratio (%)		Percent of total(%)	Change (YoY) (%)
Net sales	147,071	100.0	+10.4	102.8	293,000	100.0	+4.9
Gross profit	48,362	32.9	+13.1	103.2	95,700	32.7	+6.1
SG&A	34,848	23.7	+7.1	99.1	71,700	24.5	+5.5
Selling	5,225	3.6	+4.4	88.3	11,800	4.0	+7.6
Distribution	10,652	7.2	-0.3	97.6	22,800	7.8	+5.2
Labor	11,643	7.9	+12.7	102.8	23,400	8.0	+7.4
Others	7,325	5.0	+12.6	104.5	13,700	4.7	+1.2
Operating profit	13,514	9.2	+31.9	115.5	24,000	8.2	+7.9
Ordinary profit	16,635	11.3	+30.9	145.3	23,500	8.0	+0.2
Extraordinary income/loss	+36	—	—	—	-500	—	—
Net profit*	10,864	7.4	+30.7	148.8	15,000	5.1	+1.5

*Profit attributable to owners of parent

Revised FY2024/3 full year forecasts: Consolidated profit and loss statement

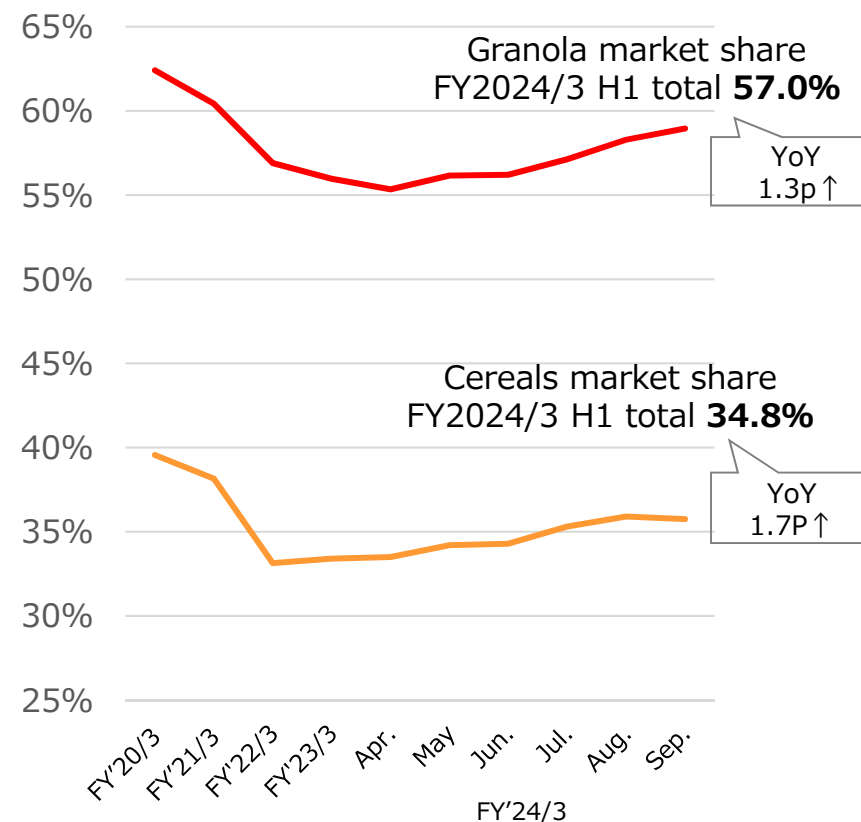
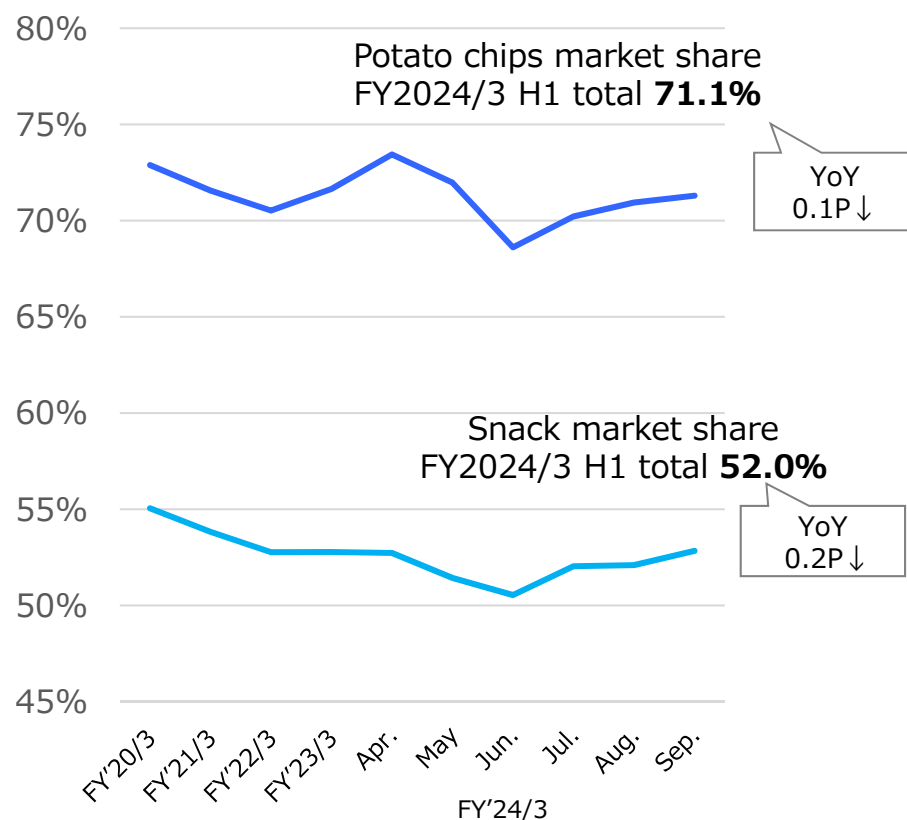


(Million yen)

	FY2023/3		FY2024/3 (Initial plan)			FY2024/3 (Revised forecast)	
		Percent of total(%)		Percent of total(%)			Percent of total(%)
Net sales	279,315	100.0	293,000	100.0		298,000	100.0
Gross profit	90,200	32.3	95,700	32.7		98,700	33.1
SG&A	67,967	24.3	71,700	24.5		72,700	24.4
Selling	10,967	3.9	11,800	4.0		11,700	3.9
Distribution	21,675	7.8	22,800	7.8		22,700	7.6
Labor	21,788	7.8	23,400	8.0		24,000	8.1
Others	13,536	4.8	13,700	4.7		14,300	4.8
Operating profit	22,233	8.0	24,000	8.2		26,000	8.7
Ordinary profit	23,460	8.4	23,500	8.0		28,500	9.6
Net profit*	14,772	5.3	15,000	5.1		18,000	6.0

*Profit attributable to owners of parent

Domestic market share




























Source: INTAGE SRI+ based on sales amount (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.
FY2024/3 H1 total: April 2023 - September 2023
Comparison period: April 2022 - September 2022
FY'20/3-FY'23/3: April 2019 - March 2023

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

FY2022/3 – FY2024/3

Main 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	Aug.-Oct. 2023
Target products	 	    	       	  	     	 <p>Gift snack items (partial)</p>
Sales of target products	¥80.0bn	¥23.0bn	¥120.0bn	¥18.0bn	¥82.0bn	¥7.0bn
Revisions	Content : -5% Price : + 7-10%	Content : -10% Price : + 10-20%	Price : + 10-20%	Price : + 10-20%	Price : + 3-15%	Price : + 5-20%

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

- The Company's fiscal year ends on March 31. The fiscal year ending March 31, 2024 is referred to throughout this report as "FY2024/3 (FY'24/3)," 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.