



# 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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CFO**

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My name is Ehara, and I am the president. Thank you very much for participating in our group's financial results presentation today. We would like to thank you again for your continued understanding and support of our activities.

I would like to present an overview of H1 of the financial results for the fiscal year ending March 2024, as well as the progress of the growth strategy Change2025 announced in February of this year.

## 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

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Please see slide 3. This is the summary we will be explaining today.

First of all, I will start with an overview of the financial results for H1. Consolidated results for H1 of the fiscal year ending March 2024 showed an increase of JPY13.9 billion in revenues and an increase of JPY3.3 billion in profit, which also exceeded the plan. Domestic snack sales remained steady. In our overseas business, we managed to increase profits, despite the changing business environment where various geopolitical risks are emerging.

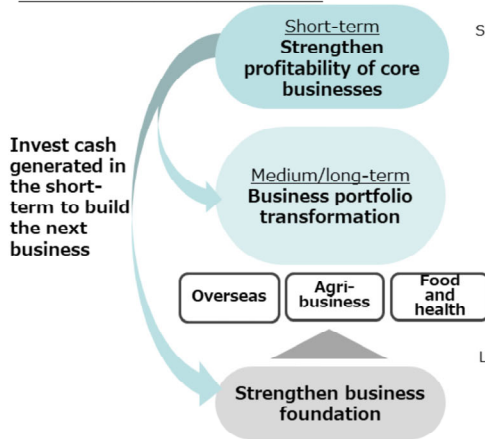
In light of these favorable first-half results, the current business environment, and trends, we have upward revised our full-year forecasts for net sales and operating profits by JPY5 billion and JPY2 billion, respectively.

Tanabe will later explain the details of the revisions to the first-half results and their outlook.

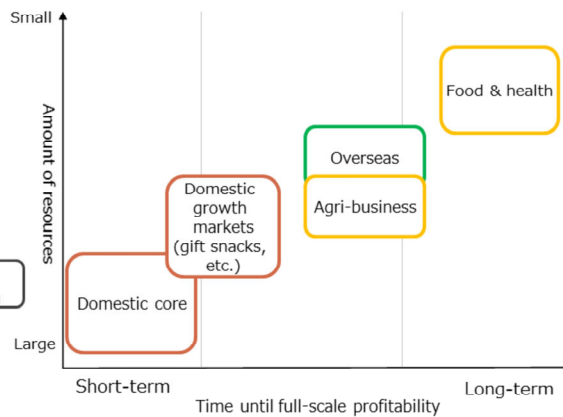
Next, I would like to talk about the growth strategy “Change 2025.” For these 3 years, we have positioned ourselves as a changing point for our business structure that aims for further growth. I would like to explain the progress and challenges in addressing our key issues in the past 6 months.

**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**



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Please see slide 4. The Calbee Group aims to achieve sustainable growth in overseas markets and new food areas after establishing a solid domestic core foundation for 2030.

To achieve this, we will transform our business portfolio by aggressively investing cash generated by our domestic core business in the medium to long-term growth areas of overseas, agricultural business, and food & health. We will also allocate resources to human resources, sustainability, and other business foundations to strengthen them as a foundation to support growth.

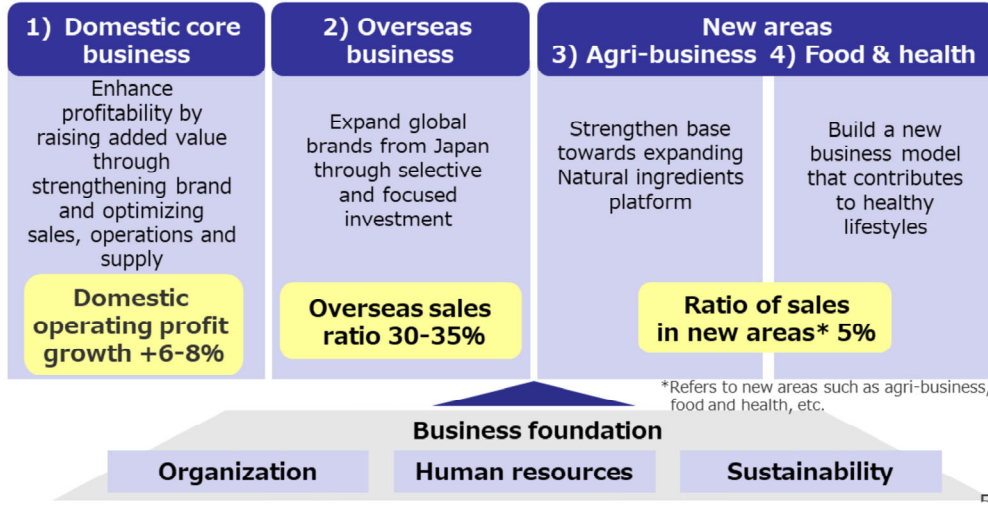
In terms of time frame, we would like to nurture new areas so that they can generate profits in the medium to long term. In the short term, we would like to achieve sustainable growth for the entire company while generating solid profits in our core domestic business.

## 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%+



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Please see slide 5. This is a reiteration of the details provided at the growth strategy presentation we held in February.

We aim to achieve organic sales growth ratio of 4-6%, consolidated operating profit growth ratio of 6-8%, and ROE of 10% or more while strengthening the business foundation that supports our core domestic business, overseas business, and the new areas of agricultural business, food, and health.

From the next page, I will explain the progress status for each key policy.

## 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

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Please see slide 6. This shows the status of our domestic core business efforts.

The price revision was implemented in June of this year and sales have remained strong overall, even after the price increase was implemented. In particular, we have experienced strong customer demand for *JagaRico*, with almost no decrease in volume after the price hike. On the other hand, another rise in costs is expected through the next fiscal year, due to the continuing depreciation of the yen. Under these circumstances, we will continue to address rising costs and work on 2 major policies. One is considering the customer's perspective once more to add higher value to differentiate our products. Another is to strengthen our branding for basic products.

In H1 of the fiscal year, we have been working to add higher value to products that we have an advantage, such as the revision of souvenir products and the launch of new *JagaRico* products of our mainstay lineup, including *The skinny JagaRico* and others. For the enhancement of basic products, we are striving to maintain our market presence by strengthening our brand through concentrated marketing expenditures.

In addition, as a mechanism to support these 2 policies, we are optimizing sales, operation, and supply, or building our S&OP structure, so to speak. Currently, we are building a system to visualize profit/loss by SKU for priority brands while giving specific considerations on defining optimal SKUs and optimizing the value chain.

Overall, we will improve the profitability of our core domestic business through these 3 measures.

**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

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**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

Please see slide 7. This is the status of our efforts in China and North America, which are the priority areas for our overseas business.

Although the future outlook for China is somewhat difficult to predict due to deteriorating business confidence caused by the real estate recession, we believe that the importance of the entire market will remain unchanged.

We will continue to strengthen our sales system that integrates retail stores and e-commerce sales to expand distribution to real channels by leveraging recognition and communication through EC. Also, investments in online communication are currently being scrutinized while we wait for a chance to resume and firmly invest so we can achieve recognition. In terms of supply, we are expanding supply from production bases in neighboring countries, such as starting the import *Jagabee* from Thailand. We are also preparing to consider a production base in China.

In North America, for the sales of *Harvest Snaps* and brands of Japanese origin, we are progressing with expanding our lineup and enhancing our sales structure, which is growing steadily.

We will continue to strengthen our development and sales activities while also considering local manufacturing of global brands.



## Change 2025 Progress of Key Policies

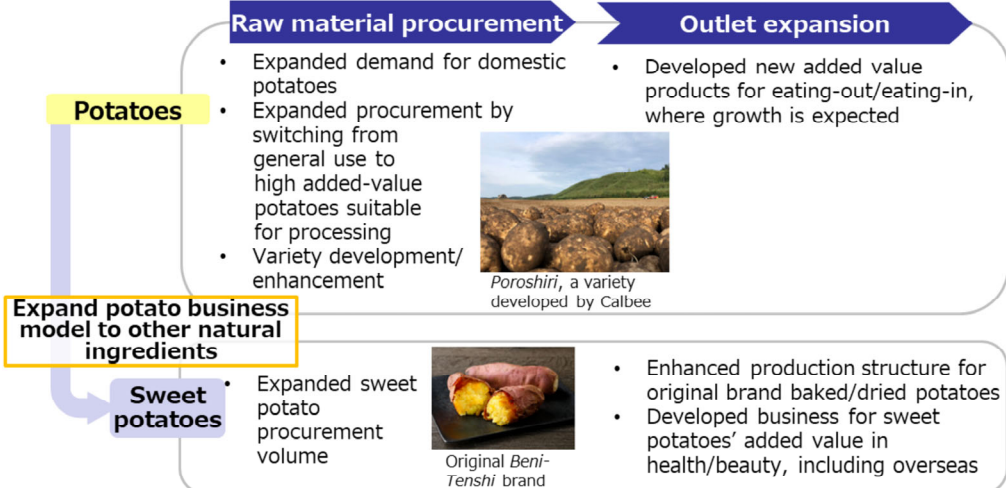


### New area: Agri-business

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



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Please see slide 8. I would like to discuss our new area of agricultural business.

The recent depreciation of the yen and heightened geopolitical risks have increased the need for domestically produced natural materials. We have set the theme of improving the sustainability of agriculture as our materiality and would like to grow our agricultural business together with domestic agriculture.

From raw material procurement to outlet expansion, Calbee has a high level of expertise regarding the chain of potato business. It is currently studying various ways to scale up through collaboration with agricultural cooperatives and external organizations.

For sweet potatoes, we are expanding into a variety of processed products such as snacks, sweets, and semi-fresh products that focus on our original brand of *Benitenshi's* baked sweet potatoes. With the growing demand for baked sweet potatoes overseas, opportunities are expanding greatly.

For this reason, we need to strengthen our stable procurement and production systems. This is where we will promote efforts to improve and expand by taking advantage of the expertise we have cultivated in the potato business.

## 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**

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Please see slide 9. In another new area called food and health, we aim to acquire a comprehensive food solution platform with personalization, digital and human interaction, and a variety of solutions.

Today, as part of our plan to accelerate business in the area of food and health, we announced our investment in TownDoctor, Inc. The company is a medical technology company that has a team of dietitians who provide dietary coaching services for patients with lifestyle-related diseases, and its clients include clinics and health insurance associations.

Through the strategic partnership with the company, we will promote the commercialization of new areas of Calbee's business by realizing a society where customers can make data-based dietary choices, based on the understanding of their own condition through tests and questionnaires.

**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



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Please see slide 10. These are the human resource development initiatives. The Calbee Group aims for the success of all employees based on the recognition that the most important asset for corporate growth is human resources. Therefore, we believe it is necessary to develop human resources that encourage new challenges and improve engagement toward growth.

Management of human resources that drive growth will promote the development of global and DX human resources. Also, we will promote support for independent and voluntary career development so that diverse human resources can develop their abilities and qualities on their own. We will also continue to foster a corporate culture that supports growth.

I believe that to promote change, each employee must think about things as a personal agenda. Since I became president, I have conducted meetings with employees at domestic and overseas offices over 40 times.

We will continue to promote dialogue with analysts and investors to gain their understanding of our medium to long-term policies. I hope to enhance our corporate value while we receive many opinions. I look forward to your continued support.

That is all from me.

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**Kazuhiro Tanabe, Executive Officer &  
CFO**

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My name is Tanabe, the CFO. I would like to explain our first-half performance and full-year forecasts.

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

\*Profit attributable to owners of parent

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Please see slide 12. Let me explain the consolidated performance for H1 of the fiscal year ending March 2024.

Net sales were JPY147.1 billion, a 10.4% increase YoY and 102.8% of the planned figures, whereas operating profit was JPY13.5 billion, a 31.9% increase YoY and 115.5% of the planned figures. Also, current net profits were JPY10.9 billion, a 30.7% increase YoY and 148.8% from the planned figures, due to foreign exchange gains and other factors.

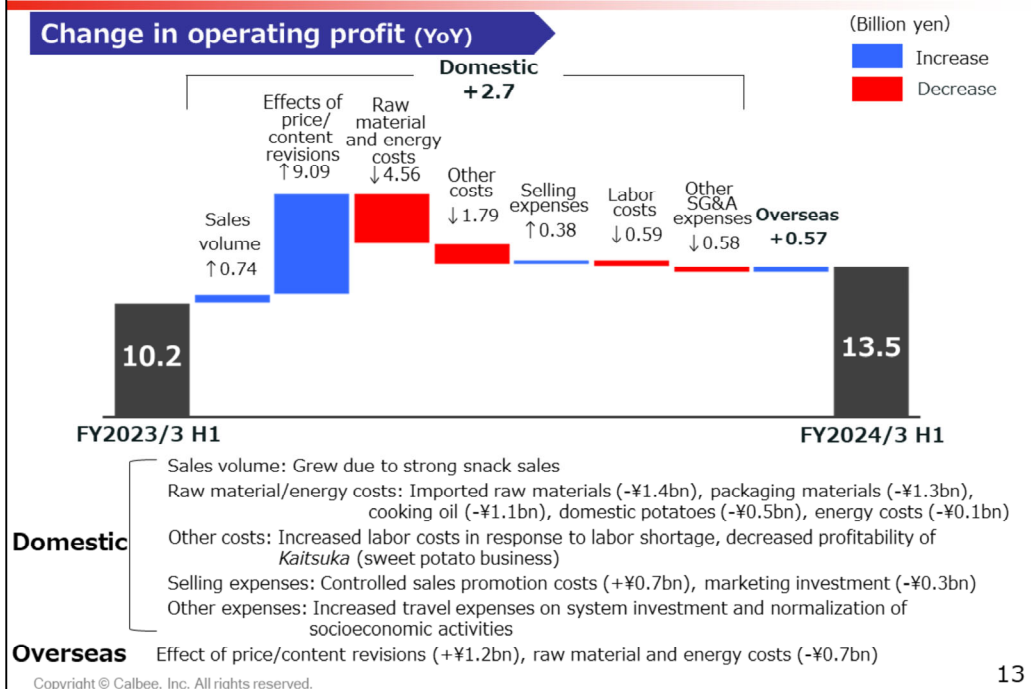
Compared to the previous year, both domestic and overseas revenues and profits increased. In Japan, sales of snacks in general were strong throughout H1, and the effects of the revisions exceeded the soaring costs. For overseas, although sales in Greater China were below the previous year's level, strong sales continued in the UK, Indonesia, and other countries, which contributed to the results.

When comparing with the plan, both net sales and operating profits fulfilled the plan due to increased sales, revision effects that exceeded the plan, and control sales promotion expenses.

## FY2024/3 H1 Results highlights



### Change in operating profit (YoY)



Please see slide 13. Next, I will explain the increasing factors behind the operating profit.

The overall consolidated profit increased by JPY3.3 billion YoY, of which domestic operations yielded a JPY2.7 billion increase, whereas overseas operations yielded a JPY0.6 billion increase.

Domestic profits increased by JPY2.7 billion. Despite the rising costs of raw materials and power, along with JPY4.6 billion, labor costs, personnel costs, and the deteriorating profitability of the sweet potato business subsidiary or several other businesses, the effects of higher sales volume, the JPY0.7 billion increase, revision effects, and the increase revenue effects of JPY9.1 billion have exceeded these shortcomings. The raw material prices are mainly imported raw materials, packaging materials, edible oil, and domestic potatoes. The figures are as shown.

Overseas revenues increased by JPY0.6 billion and the revision effects were JPY1.2 billion, exceeding the JPY0.7 billion from the rising costs.

## 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)	
<b>Domestic sales</b>	<b>110.3</b>	<b>+12.5</b>	<b>+12.8%</b>
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	—
<b>Domestic operating profit</b>	<b>11.6</b>	<b>+2.7</b>	<b>+30.3%</b>
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.

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Please see slide 14. I will explain the net sales by domestic product.

Overall snack sales increased by JPY12.9 billion YoY. Sales of *Potato Chips* increased by JPY5.5 billion, *JagaRico* increased by JPY2.4 billion, and other snacks increased by JPY5 billion, showing growth in all categories.

Cereals were affected by the shrinking market, resulting in a JPY0.3 billion decrease, whereas other businesses increased by JPY0.8 billion.

In the sweet potato business, although sales of mainstay brand *Benitenshi* were strong, profits decreased due to rising costs and changes in the current price environment. I will explain the factors in the next slide.

# 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

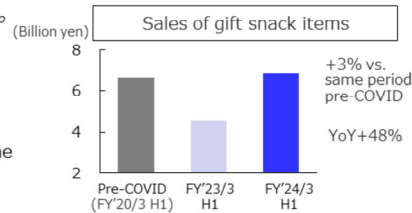
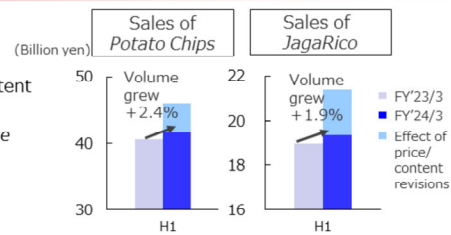
### ■ JagaRico

- 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



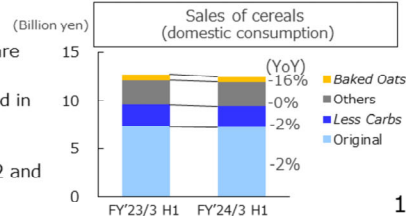
### ■ Other snacks

- 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



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\*Source: INTAGE SRI+

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Please see slide 15. *Potato Chips* revenues increased YoY. The increase was due to a rebound from the potato shortage in the previous year. After the June revision, demand is still recovering, albeit slowly. If you were to categorize by product, sales of standard products such as *Usu-Shio Flavor* and *Kata-Age Potato* increased in particular.

*JagaRico* sales increased YoY due to continued strong demand related to increased frequencies of going out, along with other factors. In terms of supply, to respond to strong demand, we focused on the production of standard products while forgoing sales of some limited-time-only products. In addition, a new product called *The skinny JagaRico*, was launched steadily and contributed to sales.

Sales of other snacks, including souvenir products, wheat-based products, and corn and bean-based products, contributed to increased revenues. Souvenir products recovered to levels before the spread of the COVID-19 infection due to increased domestic travel and foreign tourism demand. Sales of wheat, corn, and bean-based snacks increased due to the relative affordability and the success of TV commercials for *miino*, a bean-based snack.

Cereals reported decreased revenues. Although the oatmeal boom has settled down in the domestic market in 2021 and the overall market is shrinking, Calbee managed to improve its market share by 1.3 percentage points. Net sales decreased due to sales of *Baked Oats* falling below last year's standard and a lack of growth in large-sized original products and *Less Carbs*.



## 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 %
<b>Overseas sales</b>	<b>36.8</b>	<b>+1.3</b>	<b>+3.7%</b>	<b>-1.1%</b>
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	-	-
<b>Overseas operating profit</b>	<b>1.92</b>	<b>+0.57</b>	<b>+42.4%</b>	<b>-</b>
Operating margin	<b>5.2%</b>	<b>+1.4pts</b>	<b>-</b>	<b>-</b>
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.

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Please see slide 16. I will now explain the performance of our overseas businesses by region.

In North America, revenues declined 2% on a local currency basis and operating profits decreased to JPY0.4 billion. Although *Harvest Snaps* and other brands of Japanese origin performed well, PB and OEM sales were sluggish, resulting in a YoY decrease.

In Greater China, although sales for both retail stores and e-commerce decreased, with net sales recording an 11% decrease YoY, operating profit remained almost on par with the previous year, mainly due to controlling sales expenses.

In other regions, net sales increased by 13%, and operating profits increased by JPY0.9 billion, where the UK and Indonesia mostly contributed to these trends. In the UK, the expanded distribution of potato chips and the launch of new pellet-type snack products contributed to growth. Indonesia benefited from growth in sales of potato chips and other products, as well as improved raw material costs.

## FY2024/3 H1 Overseas business

\*YoY



### 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.

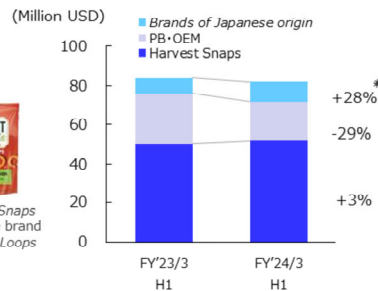
#### ■ Operating profit

- 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



Harvest Snaps derivative brand Crunchy Loops

Sales in North America (-2%\*)



### Greater China

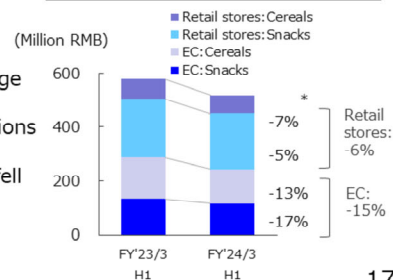
#### ■ Sales

- 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%\*)



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Please see slide 17. Let me explain in detail about North America and Greater China.

In the North American market, revenues decreased on a local currency basis and operating profits also decreased. For the PB and OEM, orders from existing customers continued to decline due to industry-wide restructuring. In H2 of the fiscal year and beyond, we will strive to acquire more new orders. The mainstay *Harvest Snaps* performed well due to 2 factors: enhanced sales from major retailers and expansion of derivative brands. Sales of brands of Japanese origin, such as *JagaRico* and *Kappa-Ebisen*, continued to enjoy strong demand, and the expansion of sales channels to US supermarkets and other retailers was successful.

As for operating profits, although cost improvement activities at the PB and OEM manufacturing plants are underway, they could not offset the effects of decreased revenues, resulting in decreased profits.

Greater China recorded a slight increase in profits despite a decrease in revenues. Revenues decreased due to sluggish sales, despite efforts to change the combinations of channels for retailers. E-commerce is being marketed in a cost-effectively due to rising sales commissions and marketing costs.

Sales expanded in growth channels such as TikTok, but decreased in existing channels, due in part to voluntary restraint in live streaming sales. On the other hand, operating profits increased due to the control of sales expenses.

## 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)
<b>Net sales</b>	<b>293.0</b>	<b>298.0</b>	<b>+5.0</b>	
Domestic	213.0	223.0	+10.0	
Overseas	80.0	75.0	-5.0	
<b>Operating profit</b>	<b>24.0</b>	<b>26.0</b>	<b>+2.0</b>	
Operating margin	8.2%	8.7%	+0.5pts	
Domestic	20.8	22.3	+1.5	
Overseas	3.2	3.7	+0.5	
<b>Ordinary profit</b>	<b>23.5</b>	<b>28.5</b>	<b>+5.0</b>	
<b>Net profit *</b>	<b>15.0</b>	<b>18.0</b>	<b>+3.0</b>	

\*Profit attributable to owners of parent

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18

Please see slide 18. I would like to explain the revision of the full-year plan for the fiscal year ending March 2024.

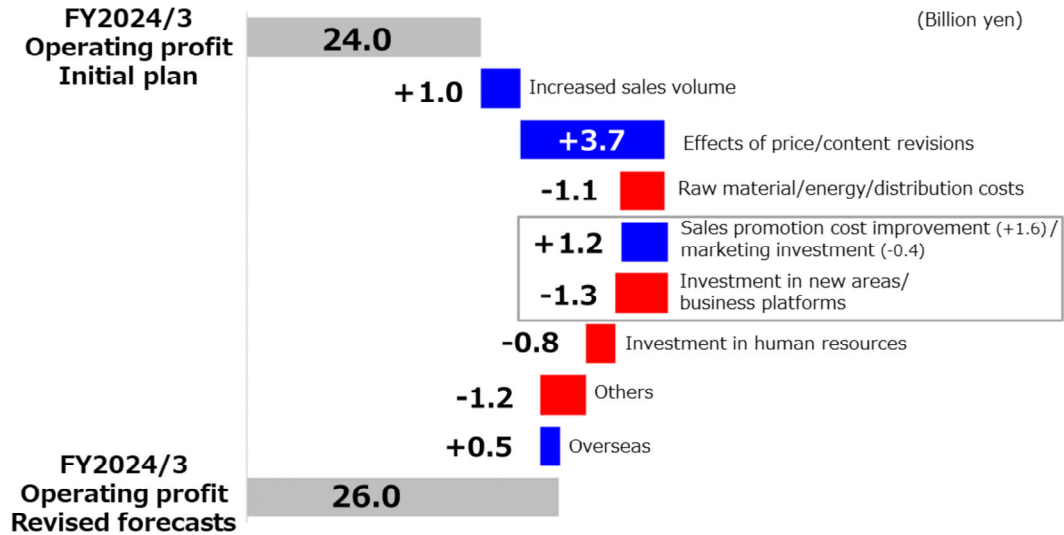
After H1 of the fiscal year, we have revised upward net sales, operating profit, and net profit by JPY5 billion, JPY2 billion, and JPY3 billion, respectively. This is attributed to strong sales of snacks in Japan and the effects of price and content revisions that exceeded our initial plan.

Details for the full year are shown below. In H2 of the fiscal year, we will continue to implement various actions to steadily achieve the plan and lead to the next stage of growth.

## FY2024/3 full year forecast revisions



### Change in operating profit (vs. Initial Plan)



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Please see the last slide, slide 19. I would like to explain our revised operating profit plan for the fiscal year ending March 2024.

Although raw material, power, and logistics costs will continue to rise in the current fiscal year, we plan to reverse the cost increase by increasing sales volume and implementing additional price and content revisions. A portion of the sales promotion expenses curbed in H1 of the fiscal year will be allocated for future brand enhancements. In addition, for the next stage of growth, we will promote investment to expand awareness of food and health as a new business area, as well as human resource investment, where we will strengthen development programs and hiring to enhance our strategic human resources.

As a result, we are targeting JPY26 billion in operating profits, an increase of JPY2 billion from the previous plan.

This concludes my explanation. Thank you for your attention.

# 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

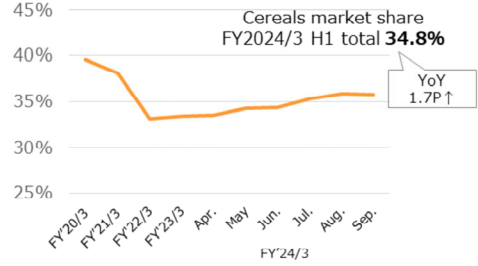
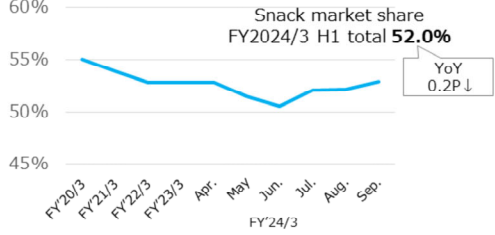
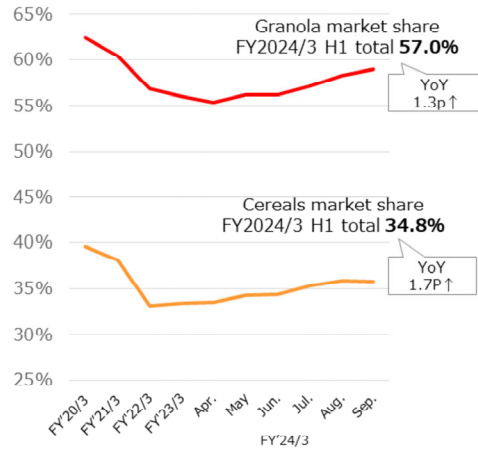
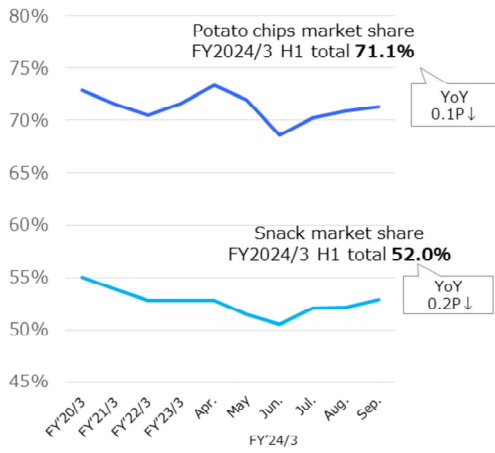


(Million yen)

	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						
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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- 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.

**FY2024/3 H1 Results Presentation Q&A**  
**October 31, 2023**

**Q1 You are forecasting a full year operating profit of JPY26bn (+17% YoY); what are your thoughts on operating profit growth from next fiscal year onwards?**

Based on our growth strategy guidelines, we want to achieve operating profit growth ratio of over 8% for the three-year period. We will continue to invest in growth beyond FY2026/3 and steadily generate profit by strengthening our domestic core business.

**Q2 What are your thoughts on further cost increases and pricing strategy?**

We believe that costs will rise in the next fiscal year too, but we will pass these costs on in our prices. On the other hand, in view of current consumption trends, we think it will be difficult to pass on costs uniformly across our product range. We will aim to achieve profit growth by aiming for appropriate prices for products that customers recognize as having value, and through flexible pricing with an eye on consumption trends.

**Q3 What is the progress of and response to S&OP efforts?**

We are aiming to reduce SKUs by 300 by FY2026/3 with the goal of optimizing sales, operations, and supply. Preparations are well underway. We are building a system for this optimization and a mechanism for visualizing profit and loss for each SKU.

**Q4 What are the details of the investments you expect to make in the revised full-year plan?**

Making use of sales promotion costs that were restrained in H1, we will invest in marketing to strengthen brands in our domestic core business, in new areas such as food & health, and in strengthening our base, such as building a S&OP system. This will allow us to work towards growth next year and beyond. We will also step up investment in human resources to contribute to the “active participation of all employees” set out in Change 2025.

**Q5 What is the outlook for *Potato Chips* volume in the second half?**

Demand remained extremely high after our price hike in September last year. Demand has remained strong since the price hike in June and we expect a high sales level on par with last year's.

**Q6 What is your outlook for the North American business?**

Sales of brands of Japanese origin, including *Harvest Snaps*, are strong and localization of production is underway to increase their sales ratio. PB and OEM continue to struggle, but costs are being improved by reorganizing production lines. We expect to capture new customers from Q4 onwards.

**Q7 What is the situation regarding your Chinese business and the surrounding business environment?**

Given the market size and our level of recognition, it remains an important market in the long term. At present we have been unable to implement sales promotions using KOLs and e-commerce sales are falling. Preparations are underway to expand supply from production sites outside Japan, but it is difficult to make a forecast for the next fiscal year.

**Q8 Do you expect your strong performance in the UK and Indonesia to continue?**

Our UK business is growing steadily and we expect it to continue to do so. Indonesia has seen a significant impact from the quality and cost improvements in potatoes used in H1, but we are progressing with other cost reductions too.