



Calbee Group Financial Results

Third quarter of fiscal year ending March 31, 2024
April 1, 2023 – December 31, 2023

TSE code : 2229
Calbee, Inc.
Feb. 6, 2024

Executive summary

- **O1-Q3 sales rose by ¥18.8bn and profit by ¥5.7bn, setting quarterly and Q1-Q3 records for net sales and operating profit**
- **Domestic sales and profit growth in Q3 drove overall consolidated results**
Sales of both snacks and cereals were strong amid successful marketing initiatives
Sharply higher costs were absorbed by the effect of price/content revisions and sales volume growth
- **Overseas, sales fell but profit rose, although operating profit just missed the revised target**
Strong sales continued in the UK, Indonesia, etc., despite struggling in key region of Greater China
- **In Q4 we will continue to maintain firm momentum domestically with steady marketing activities, and invest for future growth**

FY2024/3 Q3 Results highlights (nine months)



Summary

Net sales ¥227.3bn (+¥18.8bn YoY, +¥1.9bn vs. revised forecast)
Operating profit ¥23.7bn (+¥5.7bn YoY, +¥1.0bn vs. revised forecast)
Net profit ¥17.2bn (+¥4.6bn YoY, +¥0.9bn vs. revised forecast)

(Billion yen)

	FY2024/3 Q1-Q3	FY2023/3 Q1-Q3	Change	FY2024/3 Q1-Q3 Revised forecast	vs. Revised forecast
Net sales	227.3	208.5	+9.0%	225.5	100.8%
Domestic	172.3	154.3	+11.7%	168.9	102.0%
Overseas	55.0	54.2	+1.5%	56.5	97.3%
Operating profit	23.7	18.1	+31.3%	22.7	104.4%
Operating margin	10.4%	8.7%	+1.8pts	10.1%	+0.4pts
Domestic	20.8	16.0	+29.9%	19.7	105.3%
Overseas	2.9	2.1	+41.9%	3.0	98.2%
Ordinary profit	26.0	19.1	+36.6%	25.5	102.0%
Net profit *	17.2	12.5	+37.0%	16.3	105.5%

*Profit attributable to owners of parent

FY2024/3 Q3 Results highlights (three months)



Summary

Net sales ¥80.3bn (+¥5.0bn YoY, +¥1.9bn vs. revised forecast)

Operating profit ¥10.2bn (+¥2.4bn YoY, +¥1.0bn vs. revised forecast)

<YoY> Domestic sales and profit increased on the effect of price and content revisions and sales volume growth
 Overseas profit increase on continued strong sales in the UK and Indonesia, despite sluggish sales in Greater China

<Vs. revised forecast> Profit rose driven by strong domestic sales and having reined in sales promotion costs

(Billion yen)

	FY2024/3 Q3	FY2023/3 Q3	Change	FY2024/3 Q3 Revised forecast	vs. Revised forecast
Net sales	80.3	75.3	+6.6%	78.4	102.4%
Domestic	62.0	56.5	+9.8%	58.6	105.8%
Overseas	18.3	18.8	-2.9%	19.8	92.2%
Operating profit	10.2	7.8	+30.5%	9.2	110.9%
Operating margin	12.7%	10.4%	+2.3pts	11.7%	+1.0pts
Domestic	9.2	7.1	+29.5%	8.1	113.0%
Overseas	1.0	0.7	+40.9%	1.1	94.9%
Ordinary profit	9.4	6.3	+48.0%	8.9	105.7%
Net profit *	6.3	4.2	+49.4%	5.4	116.7%

*Profit attributable to owners of parent

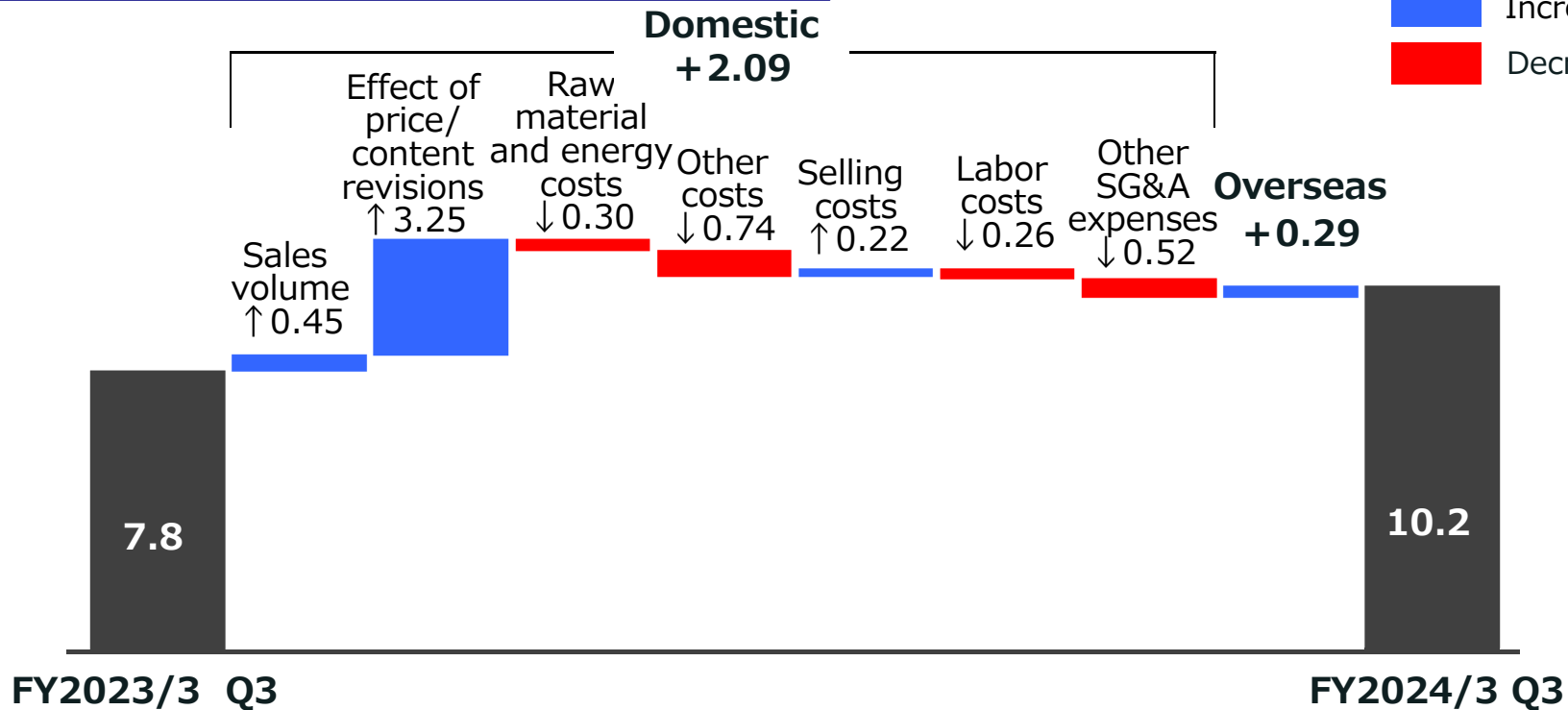
FY2024/3 Q3 Operating Profit Analysis (three months)



Change in operating profit (YoY)

(Billion yen)

■ Increase
■ Decrease



- Domestic**
- Raw material/energy costs: Imported raw materials (-¥0.5bn), packaging materials (-¥0.5bn), cooking oil (+¥0.2bn), energy costs (+¥0.6bn)
 - Other costs: Increased labor costs in response to labor shortage, increased supplies and repairs expenses, etc.
 - Selling expenses: Improved sales promotion costs
 - Other expenses: Increased distribution costs, system investment and increased travel expenses due to normalization of social activities
- Overseas**
- Effect of price/content revisions (+¥0.2bn), raw material and energy costs (-¥0.03bn)

FY2024/3 Q3 Domestic business (three months)



- **Snacks** Sales increased in all categories on price and content revisions and higher sales volumes
 Sales of *Potato Chips* grew on proactive marketing initiatives from having secured sufficient Hokkaido potato harvest in the fall of 2023
 Gift snack items and *JagaRico* remained strong on increased people flows
- **Cereals** Marketing initiatives were successful and sales grew, especially in large-volume products
- **Others** Sweet potato business remained firm

(Billion yen)

	FY2024/3 Q3		
		Change(YoY)	
Domestic sales	62.0	+5.5	+9.8%
Snacks	57.3	+4.1	+7.7%
<i>Potato Chips</i>	27.6	+1.6	+6.1%
<i>JagaRico</i>	11.9	+1.2	+11.4%
Other snacks	17.8	+1.3	+7.7%
Cereals	6.3	+1.1	+20.1%
Others (Agri, Food and health, Services)	5.0	+0.6	+14.7%
Rebates deducted from sales	-6.7	-0.3	—
Domestic operating profit	9.2	+2.1	+29.5%
Operating margin	14.8%	+2.3pts	—

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

FY2024/3 Q3 Domestic business (three months)

Snacks

■ Potato Chips

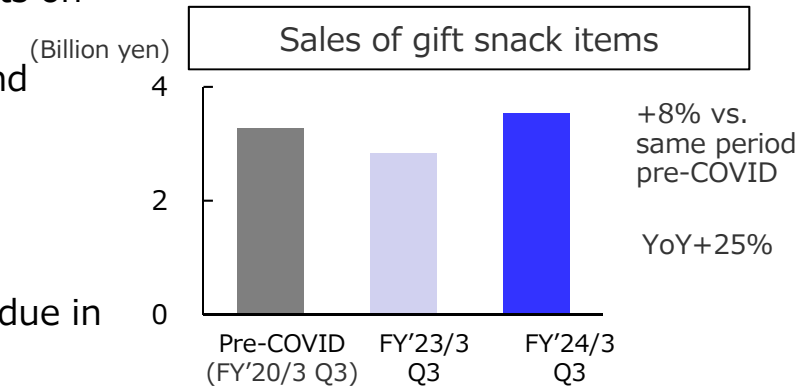
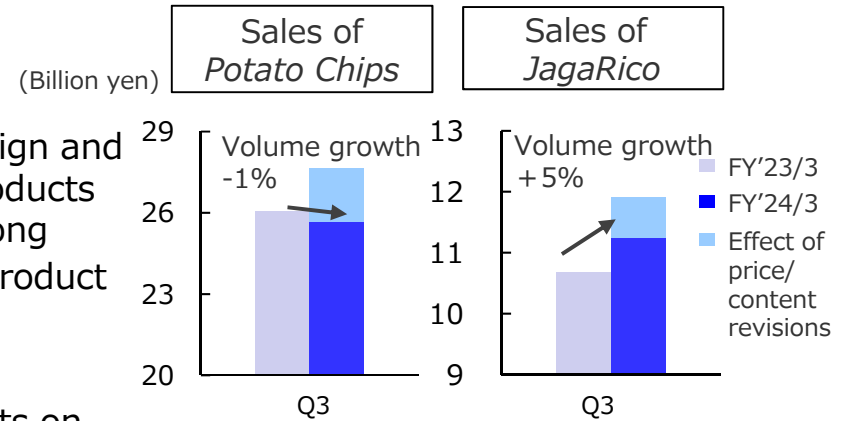
- Marketing initiatives including increased volume campaign and TV commercials were successful, and sales of basic products such as *Usu-Shio Flavor* and *Kata-Age Potato* were strong
- Sales volume fell slightly in the absence of last year's product imports

■ JagaRico

- In response to strong demand concentrated sales efforts on basic products; sales volume grew
- Increased production capacity via launch of new line and production efficiency improvements

■ Other snacks

- Gift snack items exceeded their pre-pandemic level on increased domestic travel and inbound demand
- Sales of wheat- and bean-based products were strong due in part to a sense of relative affordability

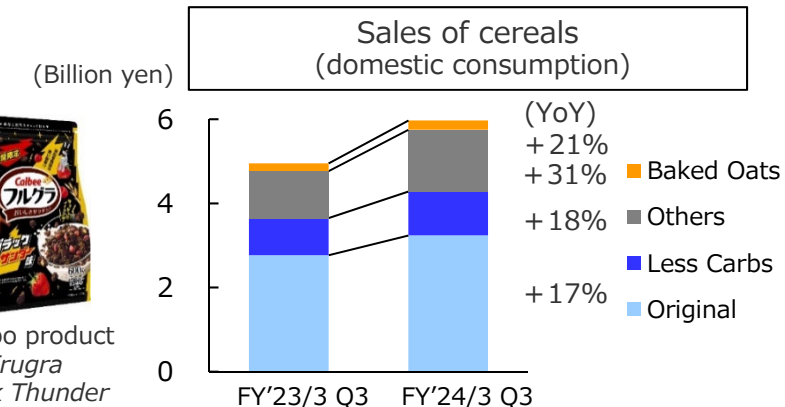


Cereals

- Grew cereals market share (+3.9pts)* despite only slight growth of the market
- Limited-time collaboration products were well-received
- L-size sales grew on successful increased volume campaign and proactive sales promotion activities



Combo product
Frugra
Black Thunder



*Source: INTAGE SRI+

FY2024/3 Q3 Overseas business (three months)



- **North America** Demand of *Harvest Snaps* and brands of Japanese origin were firm, but PB and OEM sales continued to be sluggish, resulting in lower sales on a local currency basis
- **Greater China** Both retail store and e-commerce sales declined significantly
- **Other regions** The UK: Both sales and profit rose on potato chips and continued strong sales of new pellet snack products
Indonesia: Both sales and profit rose on sales growth of potato chips and *Guribee*, a new production line which launched in December, and continued improvement of raw material costs

<Business results by region>	FY2024/3 Q3				(Billion yen)
		Change(YoY)		Change ex. forex in %	
Overseas sales	18.3	-0.5	-2.9%	-8.3%	
North America	5.7	+0.1	+1.6%	-2.8%	
Greater China	4.1	-2.5	-38.1%	-40.6%	
Other regions	10.4	+1.1	+12.0%	+4.6%	
Rebates deducted from sales	-1.9	+0.8	-	-	
Overseas operating profit	1.00	+0.29	+40.9%	-	
Operating margin	5.5%	+1.7pts	-	-	
North America	0.15	+0.00	+2.0%	-	
Greater China	-0.03	-0.33	-	-	
Other regions	0.88	+0.62	+244.8%	-	

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

FY2024/3 Q3 Overseas business (three months) **Calbee**

*YoY Harvest the Power of Nature.

North America

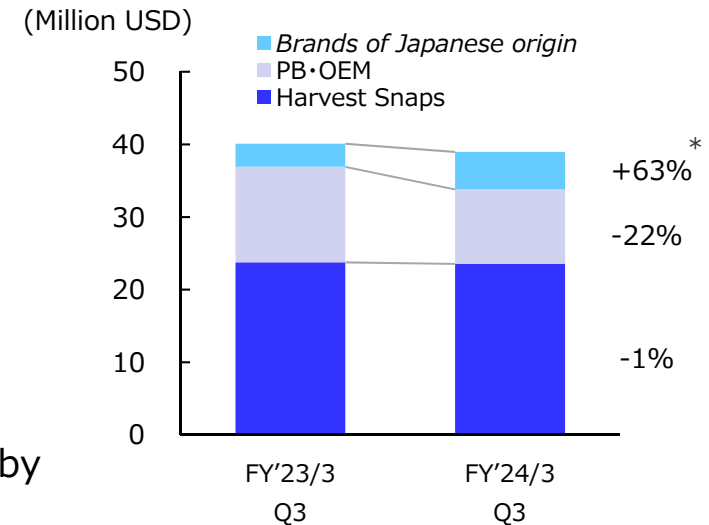
■ Sales

- Sales of *Harvest Snaps* fell slightly on mistiming of sales promotions
- Sales of brands of Japanese origin rose on continued strong demand and expansion of sales channels to US supermarkets, etc.
- Began receiving new orders from December despite continuing effect of PB/OEM industry restructuring

■ Operating profit

- Profit was flat YoY due to lower PB and OEM sales offset by brands of Japanese origin

Sales in North America (-3%*)



Greater China

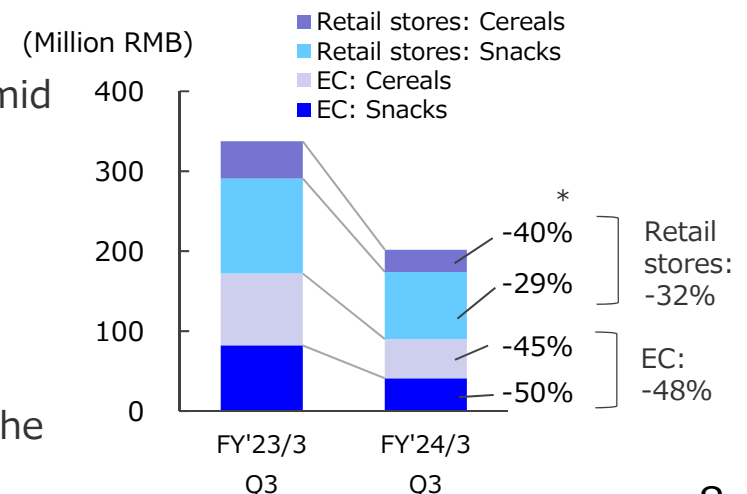
■ Sales

- E-commerce and retail store sales declined significantly amid continuing deflationary trend in the market
- Stopped importing mainstay snacks from Japan due to stricter customs regulations
- Advanced preparations toward increasing production in nearby countries and starting local OEM production

■ Operating profit

- Profit fell as lower selling expenses were unable to cover the effect of lower sales

Sales in Greater China (-41%*)



June 2024 Price/content revisions

Effective date	FY'22/3	FY'23/3			FY'24/3		FY'25/3
	Jan.-Feb. 2022	Jun.-Jul. 2022	Sep.-Oct. 2022	Nov. 2022	Jun. 2023	Aug.-Oct. 2023	Jun. 2024
Target products							
Revisions	Content : -5% Price : +7-10%	Content : -10% Price : +10-20%	Price : +10-20%	Price : +10-20%	Price : +3-15%	Price : +5-20%	Price : +3-10%

Note: Sales of target products ¥90.0bn
(Based on FY'24/3 forecast)

Reference material

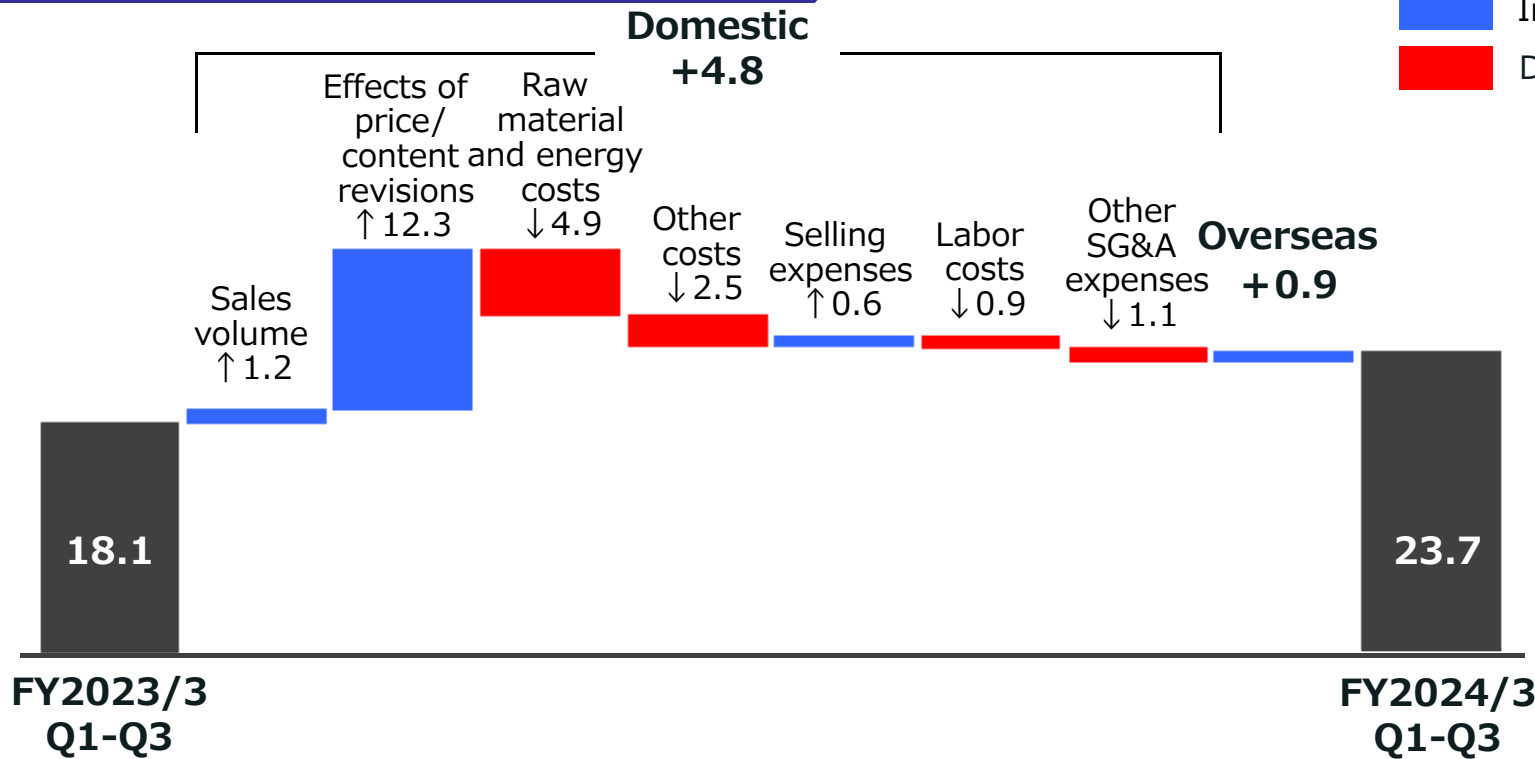
FY2024/3 Q3 Operating Profit Analysis (nine month)



Change in operating profit (YoY)

(Billion yen)

■ Increase
■ Decrease



Domestic

- Raw material/energy costs: Imported raw materials (-¥2.3bn), packaging materials (-¥1.7bn), cooking oil (-¥1.0bn), domestic potatoes (-¥0.8bn), energy costs (+¥0.4bn)
- Other costs: Increased labor costs in response to labor shortage, decreased profitability of Kaitsuka (sweet potato business)
- Selling expenses: Controlled sales promotion costs (+¥0.9bn), marketing investment (-¥0.2bn)
- Other expenses: System investment and increased travel expenses due to normalization of social activities

Overseas

Effect of price/content revisions (+¥1.4bn), raw material and energy costs (-¥0.7bn)

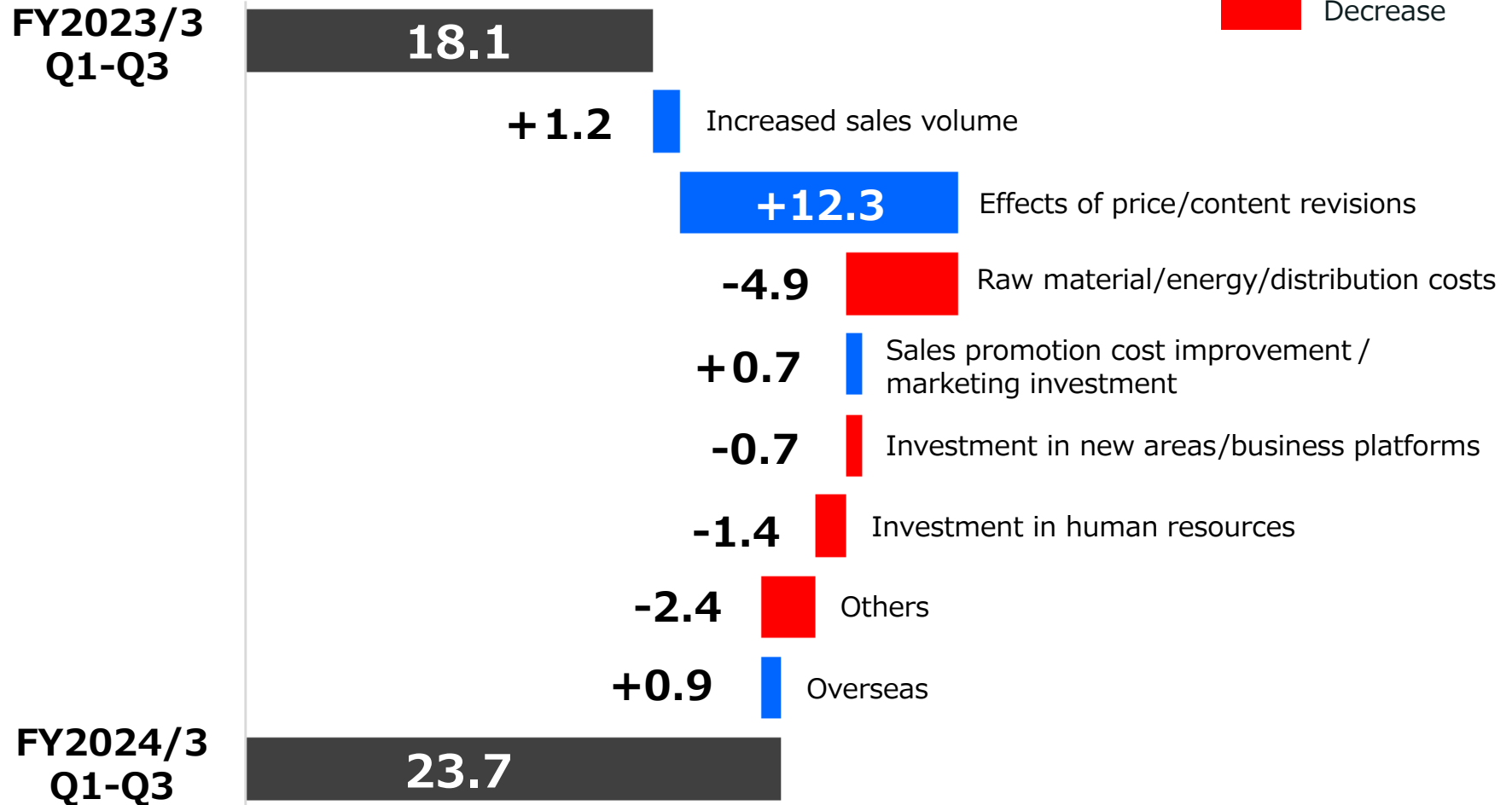
FY2024/3 Q3 Operating Profit Analysis by Factor (nine month)



Change in operating profit (YoY)

(Billion yen)

■ Increase
■ Decrease



Consolidated profit and loss statement



(Million yen)

	FY2024/3 Q3				FY2024/3 Q1-Q3			
		Percent of total(%)	Change (YoY) (%)	vs. Revised forecast (%)		Percent of total(%)	Change (YoY) (%)	vs. Revised forecast (%)
Net sales	80,268	100.0	+6.6	102.4	227,339	100.0	+9.0	100.8
Gross profit	29,259	36.5	+14.0	105.6	77,621	34.1	+13.4	102.0
SG&A	19,057	23.7	+6.7	102.9	53,905	23.7	+7.0	101.0
Selling	3,086	3.8	-8.1	101.2	8,311	3.7	-0.6	100.4
Distribution	6,301	7.9	+12.0	104.1	16,953	7.5	+3.9	101.5
Labor	5,959	7.4	+8.6	98.9	17,603	7.7	+11.3	99.6
Others	3,710	4.6	+9.7	109.5	11,036	4.9	+11.6	103.0
Operating profit	10,201	12.7	+30.5	110.9	23,715	10.4	+31.3	104.4
Ordinary profit	9,396	11.7	+48.0	105.7	26,031	11.5	+36.6	102.0
Extraordinary income/loss	-137	-	-	-	-101	-	-	-
Net profit*	6,301	7.9	+49.4	116.7	17,165	7.6	+37.0	105.5

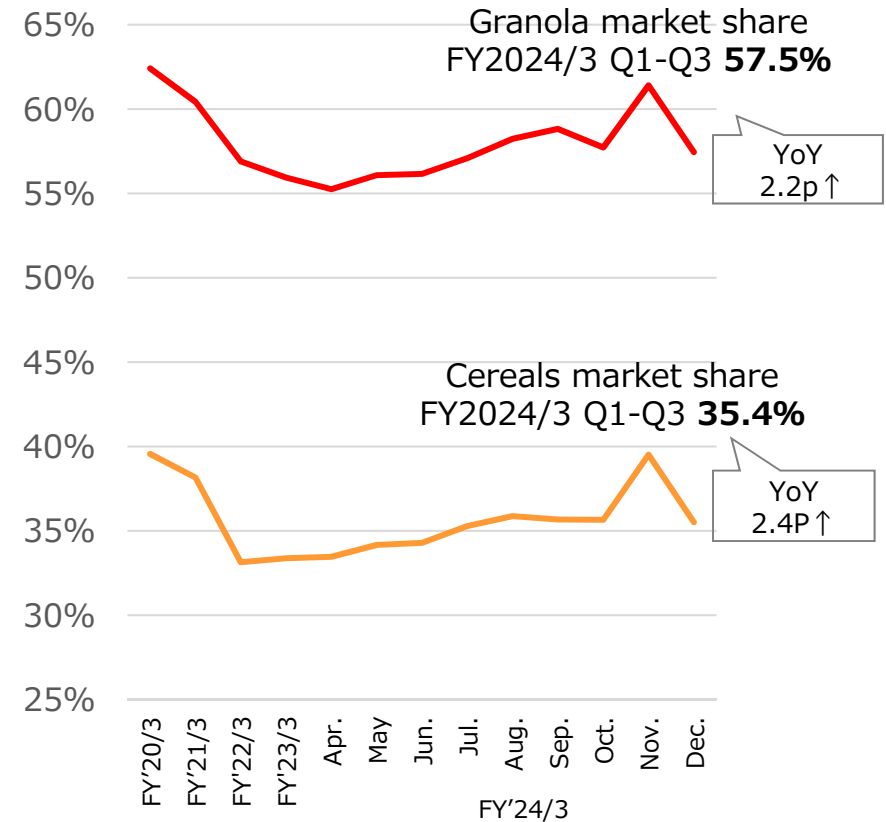
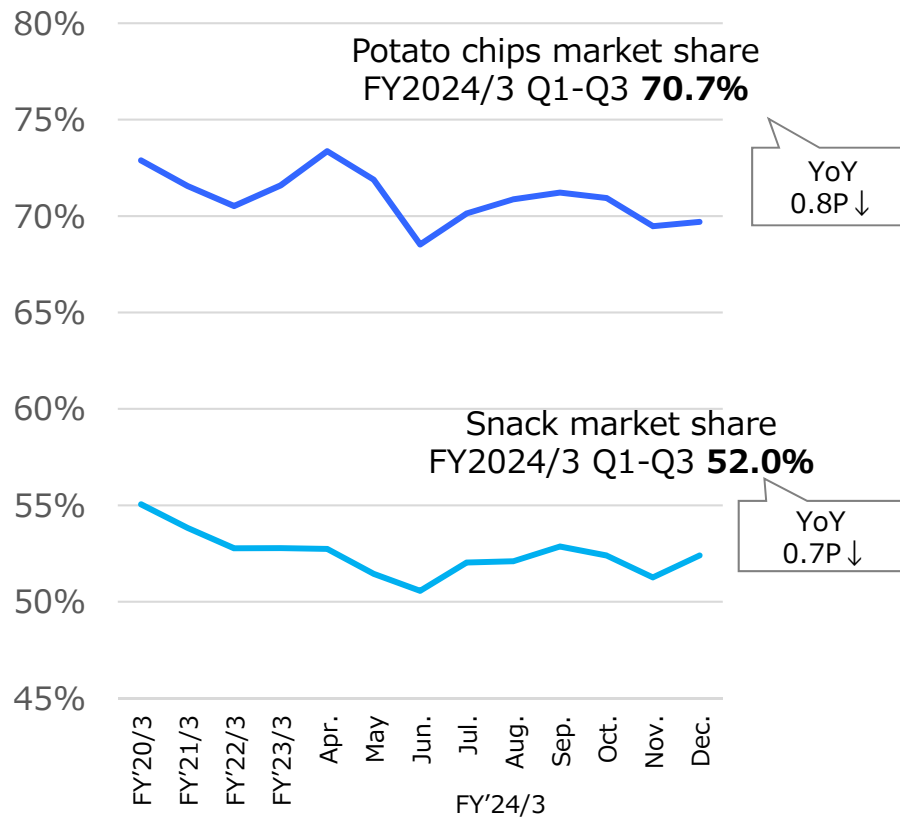
*Profit attributable to owners of parent

Financial condition

(Million yen)

	As of March 31, 2023	As of December 31, 2023	Change	Main factors of increases / decreases
Total assets	239,095	279,606	+40,511	
Current assets	98,970	119,993	+21,022	Notes and accounts receivable-trade +18,582 (Due to the last day of December being a bank holiday)
Non-current assets	140,124	159,613	+19,488	Property, plant and equipment+20,476 (Main capital investment) · Setouchi Hiroshima plant · New <i>JagaRico</i> production line
Total liabilities	56,408	83,455	+27,046	
Current liabilities	45,663	47,514	+1,851	
Non-current liabilities	10,745	35,940	+25,194	Long-term borrowings +25,000
Net assets	182,686	196,151	+13,464	Retained earnings +10,656
Net Cash	30,311	1,871	-28,440	
Equity ratio	72.8%	66.8%	-6.0pts	

Domestic market share



Source: INTAGE SRI+ based on sales amount (nationwide, all retail formats)
INTAGE SRI+ has changed the scope of its statistics; prior figures have been revised to reflect the new scope.

FY2024/3 Q1-Q3: April 2023 - December 2023
Comparison period: April 2022 - December 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

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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.