



I am Tanabe in charge of finance, accounting, and IR. I would like to explain our business performance for Q3 of the fiscal year ending March 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**

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Please take a look at slide one. Here is the summary I will explain today.

Consolidated net sales increased by JPY18.8 billion and profit increased by JPY5.7 billion in the first three quarters, exceeding the revised forecasts that were reviewed at the time of the announcement of the H1 results. Both the October to December quarter and the first nine months of April to December achieved record high sales and operating profit.

This was due to the growth in domestic sales and profits during the October to December period, which drove the overall consolidated results. Domestic sales of both snacks and cereals were strong, thanks to successful marketing initiatives. Operating profit increased due to the effect of price and content revisions and sales volume growth.

Overseas, sales fell but profit rose YoY. Operating profit fell slightly short of the revised plan. Although Greater China, a key region, has been struggling, the UK, Indonesia, and other regions continue to perform well. Through steady marketing activities, in Q4, we will continue to maintain the solid momentum in Japan and make investments for future growth as planned.

## 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
<b>Net sales</b>	<b>227.3</b>	<b>208.5</b>	<b>+9.0%</b>	<b>225.5</b>	<b>100.8%</b>
Domestic	172.3	154.3	+11.7%	168.9	102.0%
Overseas	55.0	54.2	+1.5%	56.5	97.3%
<b>Operating profit</b>	<b>23.7</b>	<b>18.1</b>	<b>+31.3%</b>	<b>22.7</b>	<b>104.4%</b>
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%
<b>Ordinary profit</b>	<b>26.0</b>	<b>19.1</b>	<b>+36.6%</b>	<b>25.5</b>	<b>102.0%</b>
<b>Net profit *</b>	<b>17.2</b>	<b>12.5</b>	<b>+37.0%</b>	<b>16.3</b>	<b>105.5%</b>

\*Profit attributable to owners of parent

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Please turn to slide two. I would like to explain our consolidated financial results for the first nine months of the fiscal year ending March 2024.

Net sales were JPY227.3 billion, up 9% YoY, with 100.8% of revised plan. Operating profit was JPY23.7 billion, up 31.3% YoY, with 104.4% of revised plan. Net profit was JPY17.2 billion, up 37% YoY due to foreign exchange gains and other factors. This was 105.5% of the revised plan.

The following pages provide details of the Q3 results.

## 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
<b>Net sales</b>	<b>80.3</b>	<b>75.3</b>	<b>+6.6%</b>	<b>78.4</b>	<b>102.4%</b>
Domestic	62.0	56.5	+9.8%	58.6	105.8%
Overseas	18.3	18.8	-2.9%	19.8	92.2%
<b>Operating profit</b>	<b>10.2</b>	<b>7.8</b>	<b>+30.5%</b>	<b>9.2</b>	<b>110.9%</b>
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%
<b>Ordinary profit</b>	<b>9.4</b>	<b>6.3</b>	<b>+48.0%</b>	<b>8.9</b>	<b>105.7%</b>
<b>Net profit *</b>	<b>6.3</b>	<b>4.2</b>	<b>+49.4%</b>	<b>5.4</b>	<b>116.7%</b>

\*Profit attributable to owners of parent

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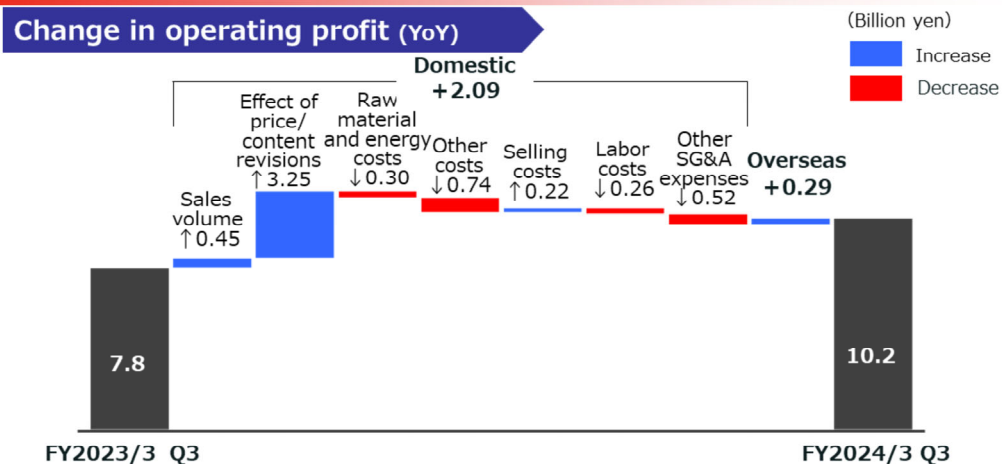
Please turn to slide three. I would like to explain our consolidated financial results for Q3 of the fiscal year ending March 2024.

Net sales were JPY80.3 billion, up 6.6% YoY, with 102.4% of revised plan. Operating profit was JPY10.2 billion, up 30.5% YoY. This was 110.9% of the revised plan.

Compared to the previous fiscal year, domestic sales and profit increased. Overseas sales fell below the previous fiscal year's level, but profits increased. In Japan, the effect of the price and content revisions and sales volume growth contributed to the increase. Overseas, sales declined significantly in Greater China, but continued to benefit from strong sales in the UK, Indonesia, and other markets.

Both net sales and operating profit achieved the revised plan. The main factors were strong sales in Japan and curbing of sales promotion costs.

## FY2024/3 Q3 Operating Profit Analysis (three months)



**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)

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Please move on to slide four. I will now explain the factors behind the change in operating profit.

The overall consolidated profit increased by JPY2.4 billion YoY, of which JPY2.1 billion came from domestic operations and JPY0.3 billion from overseas operations.

The increase in domestic profit was due to the effect of sales volume growth of JPY0.4 billion and the effect of revisions of JPY3.2 billion, which were partially offset by increased costs due to the weaker yen, higher labor costs, inflation, and other factors. The raw material price hikes came mainly from imported raw materials and packaging materials. Energy costs improved YoY due to unit price improvements and government measures to prevent drastic changes in electricity and gas prices. The amounts are as shown here.

The increase in overseas profit was mainly due to the effect of revisions.

## 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)	
<b>Domestic sales</b>	<b>62.0</b>	<b>+5.5</b>	<b>+9.8%</b>
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	—
<b>Domestic operating profit</b>	<b>9.2</b>	<b>+2.1</b>	<b>+29.5%</b>
Operating margin	<b>14.8%</b>	<b>+2.3pts</b>	—

\*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 turn to slide five. I will explain sales by product in Japan.

Sales increased in all categories of snacks, cereals, and others.

Overall snack sales increased by JPY4.1 billion YoY. With the harvest of Hokkaido potatoes in the fall of 2023, we were able to secure sufficient inventories of raw materials and implemented aggressive marketing measures, resulting in an increase of JPY1.6 billion in *Potato Chips*. Sales of *JagaRico*, which continues to do well, increased by JPY1.2 billion. Other snacks grew with an increase of JPY1.3 billion. Consequently, we saw sales growth in all categories.

Cereal sales increased by JPY1.1 billion, with growth mainly in large-volume products, thanks to successful marketing initiatives.

Sales in the others segment increased by JPY0.6 billion, and sales in the sweet potato business remained strong.

I will explain the factors on the next slide.

## 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

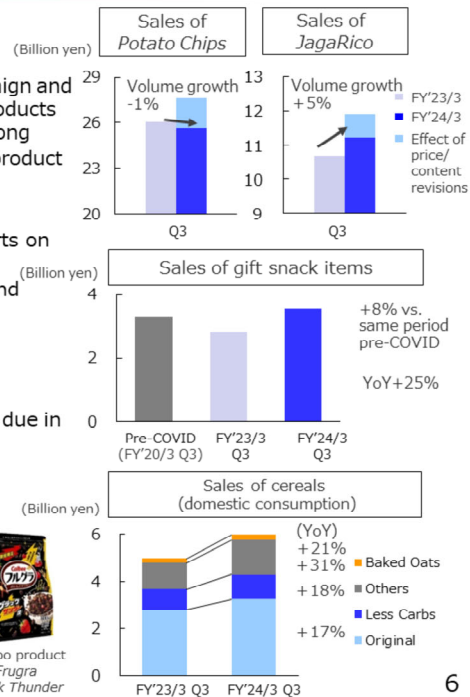
#### ■ Other snacks

- 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

\*Source: INTAGE SRI+  
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I will explain the factors on the next slide. Please turn to slide six.

*Potato Chips* sales increased YoY. Marketing initiatives such as increased volume campaign and TV commercials were successful, and sales of basic products such as *Usu-Shio Flavor* and *Kata-Age Potato* were strong. On the other hand, sales volume declined slightly YoY. This was mainly due to the absence of sales of the last year's imported products.

As for *JagaRico*, in response to continued strong demand, we concentrated on the production and sales of basic products, resulting in an increase in sales volume. We responded by increasing production capacity through the operation of a new line and by improving production efficiency through a consolidation of production items.

Sales of other snacks increased due to strong sales of gift snack items and wheat-based and bean-based snacks.

Sales of gift snack items exceeded the level before the spread of COVID-19 due to increased domestic travel and inbound demand.

Cereal sales increased YoY. Calbee's share of the cereal market was up 3.9 points YoY.

The cereal market, which had been in a downtrend until H1, showed a slight YoY increase in this term. Calbee's increased sales led the market. Aggressive sales promotion activities were also conducted through a combination of TV commercials, increased volume campaigns, and the launch of collaboration products, as well as by our sales force. *Fruga Black Thunder*, a limited-time collaboration product, was well received, and *Fruga* L-size sales grew on successful sales synergies.

## 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			
		Change(YoY)		Change ex. forex in %
<b>Overseas sales</b>	<b>18.3</b>	<b>-0.5</b>	<b>-2.9%</b>	<b>-8.3%</b>
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	-	-
<b>Overseas operating profit</b>	<b>1.00</b>	<b>+0.29</b>	<b>+40.9%</b>	<b>-</b>
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.

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Please move on to slide seven. I will explain the performance of our overseas business by region.

Sales in North America declined 3% on a local currency basis. Operating profit was flat YoY. Although *Harvest Snaps* and other brands of Japanese origin continued to enjoy solid demand, PB and OEM sales were sluggish, resulting in a YoY decline.

Sales in Greater China were down 38% YoY, with significant declines in both retail store and e-commerce sales. Operating profit decreased by JPY0.3 billion.

In other regions, sales increased 12%, led by the UK and Indonesia. Operating profit increased by JPY0.6 billion.

The UK was driven by expanded distribution of potato chips and improved sales of new pellet snacks.

Indonesia benefited from higher sales of potato chips and *Guribee*, whose new line started operation in December, as well as improved raw material costs.



## FY2024/3 Q3 Overseas business (three months)



\*YoY

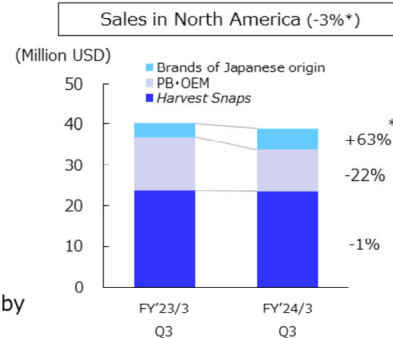
### North America

#### ■ 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



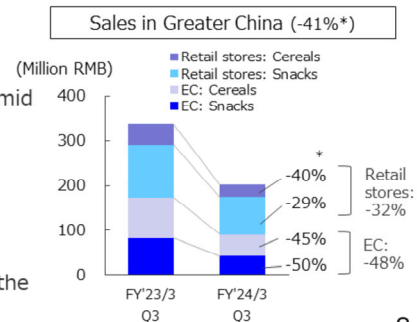
### Greater China

#### ■ 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



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Please turn to slide eight. Let me explain a little more about North America and Greater China.

In the market of North America, sales declined on a local currency basis. Operating profit was flat YoY. *Harvest Snaps*, a mainstay product, declined slightly YoY due to mistiming of sales promotions at major retailers. Sales of brands of Japanese origin such as *JagaRico* and *Kappa-Ebisen* increased, driven by the continued strong demand and sales channel expansion to US-based supermarkets and other retailers. PB and OEM sales declined as the impact of the industry restructuring, which had continued until the latter half of last year, did not come to a full circle. Inquiries for new PB and OEM projects began to appear in Q3. New orders have been received since December, and we will continue to strive to win new contracts.

In the meantime, in October, the PB/OEM manufacturing plants launched an operational improvement project for further quality improvement and cost reduction. We aim to improve profits as soon as possible.

In Greater China, sales and profits declined. In the Chinese food market, the deflationary trend is evident, and Calbee, whose imported products are mainly in the high price range, experienced a significant decline in sales both for EC and retail stores. Our products were also affected by the suspension of imports of mainstay snacks from Japan due to stricter customs regulations. We have brought price-competitive products there from Southeast Asian companies, for which we prepared in advance. In addition, we are preparing for the April launch of local OEM production of *Jagabee*, which can flexibly meet the needs of Chinese customers.

Operating profit declined. Although selling expenses were reduced, this was not enough to cover the impact of the substantial decline in sales.

# 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 (Based on FY'24/3 forecast) ¥90.0bn

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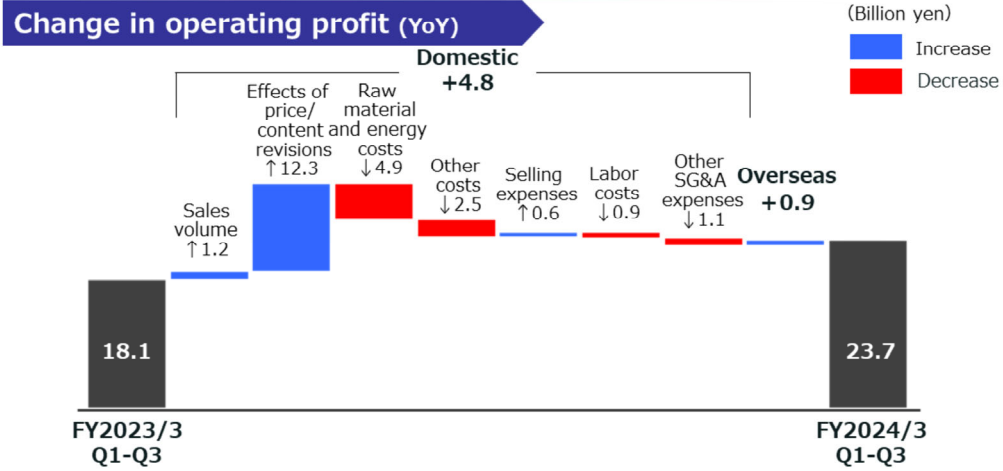
Please move on to slide nine. Lastly, I would like to explain the price revisions announced today.

The fourth price revision for major products in Japan will be implemented in June this year. The estimated price revision rate is 3% to 10%, and sales of the target products are JPY90 billion.

This concludes the explanation. Thank you for your attention.

# Reference material

# FY2024/3 Q3 Operating Profit Analysis (nine month)



**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)

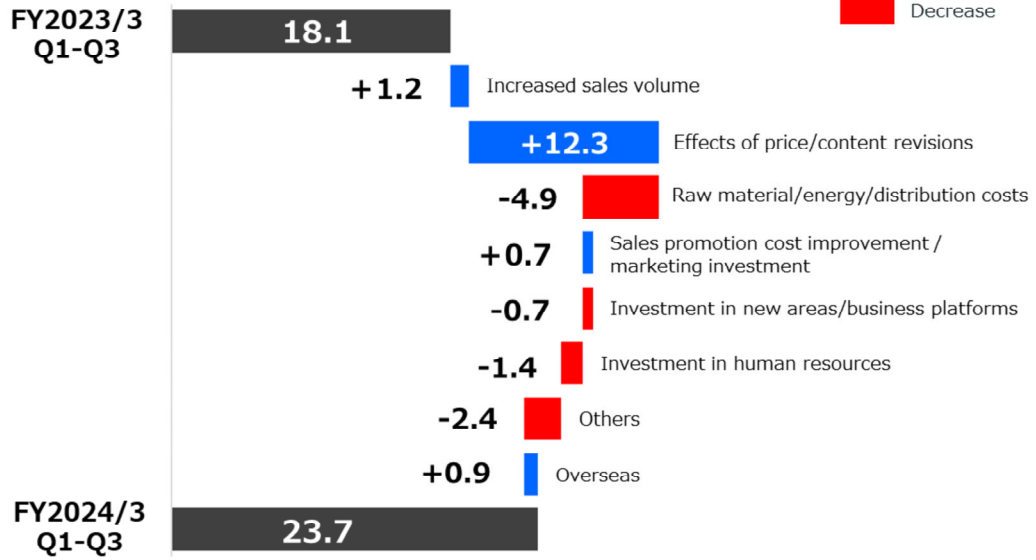
# FY2024/3 Q3 Operating Profit Analysis by Factor (nine month)



## 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

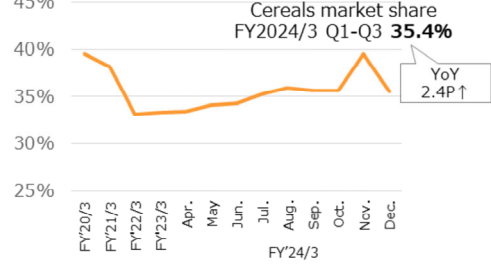
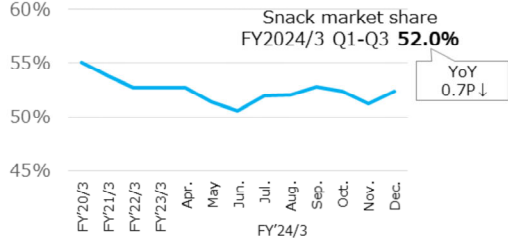
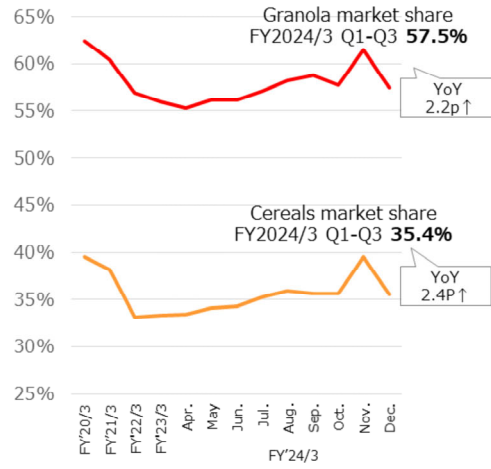
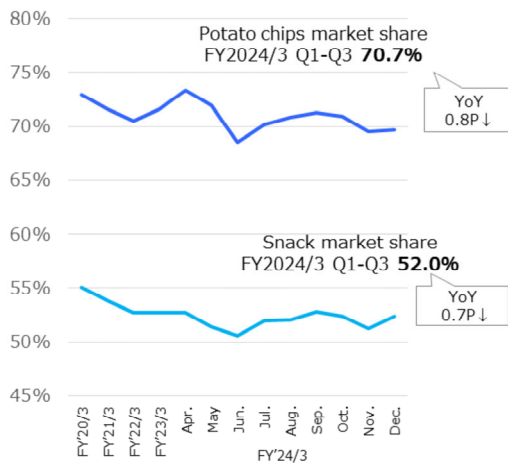
## Financial condition



(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 JagaRico 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  
 FY20/3-FY23/3: 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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<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.

## FY2024/3 Q3 Results Presentation Q&A February 6, 2024

### **Q1 Based on the Q3 results, what is your view on the performance level forecast for this and the next fiscal year?**

We believe that it is important to maintain the momentum through Q3 in Q4 and beyond. For this reason, we expect to implement all measures as planned, including investment in marketing. Based on the three-year guidelines in our growth strategy, we will aim to keep up the momentum and grow profit in the next fiscal year.

### **Q2 What is the purpose of the marketing investments you plan to implement in Q4?**

In Q3, the effective implementation of investment in marketing created strong momentum across all snacks. In preparation for price revisions next fiscal year, we will continue to invest in marketing in Q4 to stimulate demand and secure planned sales volumes.

### **Q3 What is the average range of price revisions you expect for next fiscal year?**

We are currently considering the details in our plan for next fiscal year. We anticipate that the price revisions in this and next fiscal year will absorb the cost burden of factors such as rising raw material prices, etc.

### **Q4 What is the outlook for the Greater China business in the next fiscal year?**

Conditions in Greater China remain difficult, and we believe it will be hard to effect a recovery in sales in the short-term. The deflationary mindset of Chinese consumers is also particularly affecting our sales. In the short-term, we will respond by importing products from Group companies in Southeast Asia. Furthermore, we are working to secure contract manufacturers to meet the needs of Chinese consumers and are preparing to launch localized *Jagabee* and *Frugra* product line-ups in the market, and have begun initiatives for the next fiscal year.

### **Q5 What is the progress of investment in building the foundations of overseas business as explained in the growth strategy?**

We are steadily advancing investments in each overseas region. In North America, in addition to quality improvement and cost reduction initiatives at the Madera plant, we aim to realize local production of brands originating from Japan. In Greater China, we must change the original plan in view of the current situation, and we are making efforts to supply products through local manufacturing outsourcing. In the UK and Indonesia, we are expanding our production lines, although not on a large scale.

### **Q6 Are you concerned that labor costs will rise more than expected in the next fiscal year?**

We expect our manufacturing labor costs continue increasing. Considering given the social situation, we believe that it is necessary to assume that personnel costs also will rise to a certain extent.