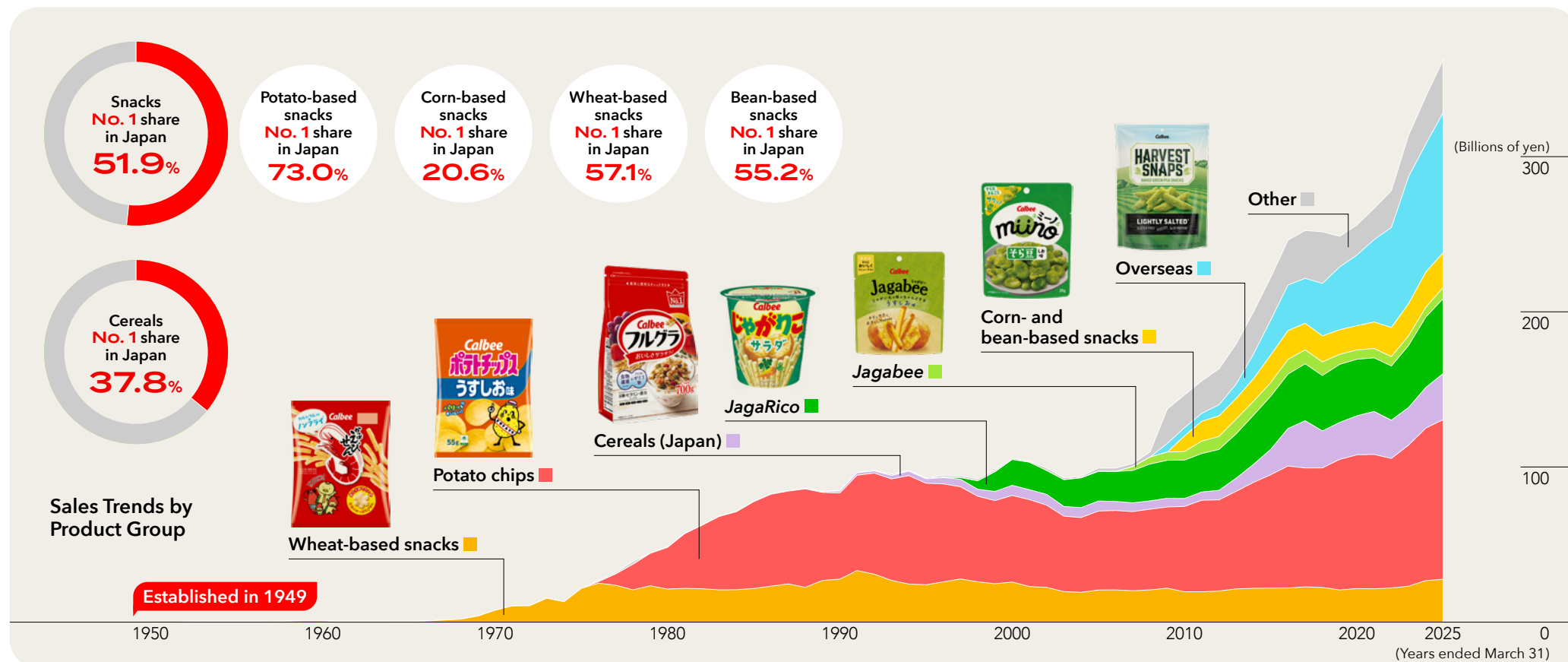


Creating Value through Manufacturing and Winning Fans



Note: INTAGE Inc. SRI+ based on cumulative sales value for all retail formats nationwide; FY2025/3: April 2024 to March 2025; Snack market share: Total for Calbee, Inc. and Japan Frito-Lay Ltd.; Market share by snack category: Share by raw material [Raw materials] Potato-based snacks: raw potatoes, wheat-based snacks: corn, bean-based snacks: beans

Product Evolution in Response to Consumer Needs

Founding-1960s

Used wheat in an era where rice-based crackers were the norm, and later blended in fresh shrimp to create our first hit product.



1964 Kappa Ebisen
Developed a highly nutritious snack made from fresh whole shrimp

1970s-1980s

Developed products using raw potatoes as the main ingredient, then entered the potato chips business, becoming a leading player in Japan's snack culture.



1975 Potato Chips
Built a unique value chain starting from the cultivation of potatoes

1990s-2000s

Responded to rising demand for new textures and more health-focused foods, a trend accelerated by the growth of convenience stores.



1995 JagaRico
Proposed a snack-in-a-cup that is easy to carry and eat

2010s Onward

Adapted to diversifying consumer preferences by creating products with new taste experiences, while also expanding into overseas markets.



2017 miino
Development of a series of nutritious, balanced snacks made primarily from beans

Creating Value through Manufacturing and Winning Fans

Manufacturing

The Source of Calbee's Strengths

Since our founding, Calbee has focused on delivering great tasting, fun products by combining our expertise in raw materials with processing technologies that create unique textures. Potatoes, the source of over 50% of our sales, can be harvested only once per year. To ensure stable procurement of potatoes, we established Calbee Potato, Inc. in 1980, and have since built a vertically integrated value chain extending from farms through to provision of products to our consumers. Today, we have contracted approximately 1,600 growers throughout Japan, from Kyushu to Hokkaido, and procure approximately 19% of Japan's potato production (371,000 tonnes per year for FY2025/3).

To bring out the full flavors of natural ingredients, we have developed a wide range of manufacturing techniques. This includes refining our frying technologies, which can be used with whole unprocessed ingredients, and our processing technologies, which blend whole ingredients to create distinctive textures. To ensure we provide safe and reliable products to consumers, we also provide opportunities for all employees to hear feedback from consumers every year, strengthening their commitment to quality.

Strength

Expertise in
Raw Materials

For more than 40 years, we have supported contracted growers through potato cultivation experts known as "fieldmen," with approximately 50 stationed across Japan. We develop proprietary potato varieties more resistant to climate change and pests, have introduced advanced technologies to support cultivation, and developed a system to maintain freshness by leveraging proprietary technologies and some of the largest storage facilities in Japan. In the coming years, we aim to further improve our production quality by providing contacted growers with feedback on the quality of the products manufactured at our plants.



A fieldman and a contracted grower check the growth of potatoes

Our DNA—The Origin
of the Calbee Name**Calbee**

Calbee was established by our founder, Takashi Matsuo, at a time when food was scarce. Matsuo made it his mission to use underutilized food resources to create products that would improve people's health. The Company name, Calbee, is a combination of Cal from calcium and B from vitamin B1. His vision of using underutilized resources and contributing to healthier lives remains part of Calbee's DNA to this day.

Strength

Textures

By focusing on the quality of our raw materials and manufacturing methods, Calbee develops products with diverse textures reflecting the characteristics of natural ingredients. Even for long-selling brands such as potato chips and *Kappa Ebisen*, we have continued to innovate, adjusting thickness and shape to produce a wide variation of textures. We carefully account for differences in varieties, production areas, and seasons, fine-tuning our processing temperature and time, as well as cutting methods. This enables us to develop products tailored to different generations and occasions, providing consumers with great tasting and fun products.



Creating Value through Manufacturing and Winning Fans

Manufacturing Products and Creating Fans

Calbee has built products loved by generations of consumers by using natural ingredients and adapting tastes and textures to evolving preferences. Our success is rooted in our product development capabilities, which leverage a deep understanding of consumer needs, alongside fan engagement activities across multiple contact points. Recently, we have been employing digital technology to communicate with consumers, including through our Calbee “Lbee” program, social media, and fan meetings, among other methods. The feedback we receive through these initiatives helps us unlock new value in product development and through quality improvements.

Creating Added Value Sought by Consumers

JagaRico: Co-creating Brand Value with Fans

We have promoted initiatives to foster fan engagement through our *JagaRico* brand since before the advent of social media, including the launch of a fan website in 2007. More recently, we are deepening our connection with fans through co-creation, including the planning and development of 30th anniversary products based on ideas collected from within the community. These initiatives have strengthened brand affinity, and by listening to consumer experiences, we are creating a virtuous cycle that drives brand value through increased recognition and credibility.



A new fan community:
JagaRico Explorers



JagaRico Citizen Vote
to create a 30th
anniversary product

Consumer-Centric Product Development

To better understand consumer needs, we gather feedback through a variety of touchpoints, including consumer service centers, in-store activities, and official social media accounts. We reflect these insights in our product development and quality improvement processes. Through our Calbee “Lbee” app (1.06 million downloads as of June 30, 2025), we capture data such as which products people buy and how often. This enables us to analyze and understand individual preferences and consumption habits. Beyond digital channels, we hosted fan meetings with over 600 consumers in FY2025/3 in 17 locations throughout Japan, organized through our app. This provided marketing and R&D departments with real-world opportunities to interact with consumers and leverage their experiences in product development and marketing activities.



Conducting activities across a wide variety of consumer contact points, such as nationwide fan meetings and potato harvesting experiences

Future Direction of Calbee's Manufacturing and Business Evolution



Agricultural and Environmental Trends

- Changes in agricultural environment driven by global warming, declining birthrate, and aging population
- Increased competition for resources due to climate change and geopolitical risk
- Heightened concerns over environmental impact, human rights, and biodiversity in the supply chain

- 01 Raw Material Procurement P.12 >>
- 02 Research and Development P.14 >>
- 03 Marketing P.16 >>

Consumer Trends

- Increased awareness of health, wellness and environmental sustainability
- Diversification of values related to food and advances in personalization
- Polarization between lower-priced and high-added-value offerings

Accelerating Change in Our External Environment

Global warming and the increased frequency of natural disasters have significantly affected agriculture in recent years. In Japan, the combined challenges of a declining and aging farming population make it essential to work together with growers to ease workloads and increase crop yields.

Core Agricultural Workers (Millions)

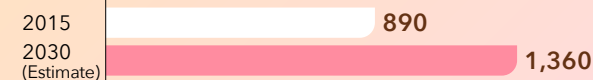


Source: Created by the Company based on "White Paper on Food, Agriculture and Rural Areas in FY2024 (Summary)" (Ministry of Agriculture, Forestry and Fisheries of Japan) (https://www.maff.go.jp/j/wpaper/w_maff/r6/pdf/r6_gaiyou_all.pdf)

Calbee aims to create a virtuous cycle between nature and healthier living by bridging nature and people through products grounded in natural ingredients. We see changes in our external operating environment not only as risks, but also as opportunities to create a more sustainable future. In Japan, lifestyles are becoming more diverse and spending patterns increasingly polarized. Overseas, demand for snacks is expected to rise alongside the expansion of the middle-income segment in emerging markets, while in developed markets, growing health awareness is driving new business opportunities. By anticipating evolving consumer trends and developing value-added solutions in response to changing dietary needs, Calbee is working to achieve sustained global growth. Moreover, we are leveraging our expertise in natural ingredients and technology to expand into new food areas.

In Japan, population decline, aging demographics, and an increase in single-person households are leading to greater demand for both single-person meals and greater convenience. Meanwhile, global population growth is driving increased food demand, while interest in health and environmental issues is rising in advanced markets in particular.

Global Food Market (Trillions of yen)



Source: Created by the Company based on "Estimated Size of the Global Food and Beverage Market" (Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries of Japan) (https://www.maff.go.jp/primaff/seika/attach/pdf/190329_01.pdf)

Future Direction of Calbee's Manufacturing and Business Evolution

Raw Material
Procurement

Expanding the Cycle of Sustainable Agriculture and Business Growth

Calbee's raw materials primarily consist of agricultural products such as potatoes. Because these raw materials are sensitive to climatic conditions and can be harvested only once a year, we work closely with growers to secure stable supply. We also collaborate with growers to enhance the value of the agricultural produce itself by improving cultivation and storage methods, as well as developing new varieties.

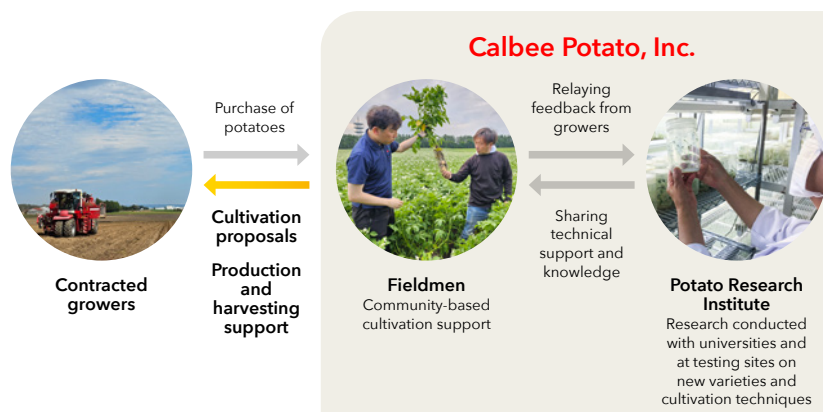
In recent years, we have been developing a more stable and predictable environment for growers, enabling them to continue to farm with confidence, while developing and selling new types of products that bring out the appeal of their agricultural produce. A leading example is our collaboration with the Shiretoko Shari Agricultural Cooperative ("JA Shiretoko Shari"), which delivers meaningful value for both Calbee and the cooperative. The project enables Calbee to secure 40,000 tonnes of raw potatoes annually. In addition, JA Shiretoko Shari will build a frozen processing facility for Calbee to explore new product possibilities such as frozen foods. For the growers, the project secures a stable sales channel for potatoes. It also enables them to transition from other crops, creating opportunities to enhance their profitability.

By connecting growers and consumers, Calbee creates a virtuous cycle of sustainable value creation, helping to stabilize farmers' operations and ensuring long-term procurement of high-quality raw materials. Going forward, we will build on this initiative to include other ingredients, such as sweet potatoes, expanding this cycle of sustainable agriculture and business growth.

Initiatives to Create the Future of Potatoes



Contributing to sustainable agriculture



Support for contracted growers

Support for potato cultivation

Development of disease-resistant varieties and promotion of science-based cultivation techniques

Support for labor-saving in agriculture to counter aging and the declining population of farmers

Contractor business (contracted cultivation and harvesting operations, etc.) and support for introduction of highly efficient harvesting machines, etc.

Development of products that add value to raw materials

Development, manufacture, and sale of high-quality products derived from nature

Sustainable growth through long-selling brands

Expansion into the frozen foods business

Opening new markets and ensuring stable procurement through collaboration with JA Shiretoko Shari

Application of expertise to other ingredients

Leveraging expertise in stable procurement of high-quality raw materials acquired through the potato business, and expanding it to other ingredients such as sweet potatoes



For further details on our relationship with nature and our assessment of dependencies and impacts, please refer to **page 43 "Response to TNFD Recommendations."**

Future Direction of Calbee's Manufacturing and Business Evolution

& Beyond Tackling Challenges for the Decade Ahead

Developing New Potato Varieties to Meet Future Social Challenges

When Calbee entered the potato chips business in 1975, the potatoes that we procured often had quality issues such as burning easily during processing. Recognizing the need to learn more about potatoes in order to provide high-quality, great-tasting potato chips, in 1985, we launched the Potato Research Institute in Memuro Town, Hokkaido Prefecture. Its missions are diverse, including searching for and selecting varieties most suitable for potato chips, introducing and evaluating promising varieties from overseas, and researching potato cultivation and storage techniques. Notably, Calbee is the only snack manufacturer in Japan that is developing new varieties through hybrid breeding.

Potatoes present a wide range of challenges at every stage, from cultivation and harvesting to storage and processing. Developing a new variety can often resolve many of these issues at once. For example, in 2016, we began the cultivation of *Poroshiri*, which Calbee Potato, Inc. registered as a new proprietary processing potato in 2017. Not only does this variety taste good in the form of potato chips, it is also more resistant against diseases and pests, such as common scab, potentially enabling higher harvest yields. Its uniform size also makes it easier to harvest and sort, reducing the workload of growers. This has made it a popular choice, particularly in Hokkaido, where it has been widely adopted.

It takes, however, approximately 15 years to develop a new variety to the point it can be commercially cultivated (refer to the diagram on the right). Therefore, when defining its research priorities, the Potato Research Institute looks 20 to 30 years ahead, anticipating environmental changes and preparing for potential challenges.

We are particularly focused on the increasing frequency of abnormal weather events caused by global warming. High summer temperatures reduce the proportion of starch and other solids, raising concerns over deteriorating quality during processing. To address this, we are developing varieties that can accumulate higher starch content. Similarly, weather patterns such as alternating drought and heavy rainfall can destabilize the moisture content of the soil, which can harm crop growth. This creates a need for a variety that is more resistant to fluctuations in moisture levels.

Meanwhile, the declining number of growers is also a serious problem. As a countermeasure, we aim to improve their work efficiency through large-scale harvesting and sorting equipment. However, this kind of equipment can also physically impact potatoes, resulting in damage known as bruising, which changes their tissue. We are, therefore, also working on developing bruise-resistant varieties.

In this way, Calbee works to develop new varieties from many different angles, but what matters most is creating value for all of our stakeholders. As Director of the Potato Research Institute, my mission is to create varieties that make everyone happy: the contracted growers who cultivate the potatoes, the Calbee employees who process and sell them, and the consumers who eat our products. It is a mission that I find extremely fulfilling.



Toshiya Igarashi

Director of the Potato Research Institute,
Calbee Potato, Inc.

Process of Developing a New Potato Variety (Example)

Year	Process	Number selected
1	Start of crossbreeding	Number of seeds: 100,000
2	Seedlings are grown from seed. Superior plants are selected, propagated as potato tubers, and maintained as breeding lines.	25,000 potato tubers
3		800 lines
4		100
5		20
6	Breeding lines are evaluated for disease resistance, yield, quality, and agronomic traits.	8
7		3
8		1-2
9	Field trials are conducted to confirm yield and quality over a period of 8 years or more.	1
10		0-1 line
11		
12-14	Production of seed potatoes	
15-	Start of cultivation by contracted growers	

Future Direction of Calbee's Manufacturing and Business Evolution

Research and
Development

Aiming to Drive Innovation in Diverse Fields

**Masae Nakano**

Managing Executive Officer,
CTO, in charge of
Research & Development
Division and New Business
Advancement Division

At Calbee, innovation is about more than just product and technology development. It is about driving evolution across a wide range of fields—from creating new value for consumers to streamlining business processes and caring for the environment. That's why our ability to innovate will play a decisive role in shaping the entire Group's future.

Recognizing this, as CTO, I am focused on diversifying the areas in which we innovate. Until now, our R&D organization has concentrated on enhancing the safety and quality of our core ingredients, such as potatoes, wheat, and oils. While this will always remain fundamental to our value proposition, R&D functions today are expected to also advance sustainability. For Calbee to transition to a sustainable business portfolio, we must build on our traditional research in quality management and safety by pursuing more evidence-based approaches to enhance taste and enjoyment, and by creating value in a wider range of fields such as well-being.

One of the biggest challenges in promoting new innovations is how to make effective use of resources inside and outside the Company. To address this, we are focusing on three areas: 1) harnessing open innovation by strengthening

Promoting Research and Development from Short- and Longer-Term Perspectives

Quality management and safety

- Ensuring safety and peace of mind for consumers (proactive measures through risk assessments)
- Ensuring consistent quality management (development of new analysis methods)
- Extending shelf life (development of environmentally friendly packaging and improving processing methods)
- Securing stable raw material sourcing and procurement

Great taste and fun

- Developing products with low salt, high protein, low fat, and reduced carbohydrates
- Advancing processing technologies that combine new technologies and ingredients
- Providing personalized foods
- Making taste and preferences visible and measurable

Well-being

- Supporting longer, healthier living (through nutrition, chewing, and eating habits)
- Developing and improving agricultural produce with high nutritional value (raw material exploration and improvement of varieties, etc.)
- Supporting mental health (research into hormones connected with happiness and feelings of contentment)
- Conducting research on stress reduction

cooperation with other industries and startups to incorporate new ideas and technologies; 2) promoting digital transformation (DX) by utilizing and analyzing data with the latest digital technologies, including the transfer of technical expertise; and 3) developing talent that uses advanced knowledge and values creativity and flexibility to drive innovation. In line with this, we built a new research building at our R&D Center in April 2025. This will enhance our core R&D capabilities and modernize how our teams work.

To accelerate innovation across multiple fronts, in addition to strengthening our R&D framework, we also need to further reform our organization and shift mindsets across the Group. As CTO, I am committed to setting clear

strategies, accelerating technological innovation, and strengthening use of intellectual property. Equally important, I will strive to transform our internal culture, such as enhancing communication throughout the Group, fostering a spirit of taking on challenges without fear of failure, and creating an environment where ideas can take shape. If we are to deliver great tasting and fun products that truly excite consumers, we must ourselves be a company that creates them with a genuine sense of excitement and joy. Guided by this belief, I am committed to driving innovation throughout the Group.

Future Direction of Calbee's Manufacturing and Business Evolution

& Beyond Tackling Challenges for the Decade Ahead

Focus on Value Creation to Compete in Global Markets

My division aims to enhance the value and growth overseas of global brands such as *Kappa Ebisen*, *JagaRico*, and *Fruga*. Even within the same brand, consumer preferences can differ between Japan and other countries. This creates challenges such as developing products with textures and flavors tailored to local tastes, all while maintaining quality in mass production. For example, in the case of *GuriBee*, which is experiencing growing sales in Indonesia, members of the R&D team visited the market to assess product quality firsthand and propose improvements to manufacturing processes, rules, and equipment. By quickly adapting taste and texture to local preferences, we have been able to strengthen the brand's value.

Through these initiatives, we are pivoting from a Japan-centric mindset and strengthening our capabilities to support overseas expansion. To achieve this, we will continue to focus on enhancing the value of existing brands in Japan, while encouraging our team members to take personal ownership and proactively engage in overseas projects. To further build on the value of our global brands, it is essential that every individual has both the mindset and confidence to successfully compete globally. By fostering a spirit of initiative across both domestic and international operations, we aim to drive future-oriented growth.



GuriBee, a four-layered corn snack, is seeing growing sales in Indonesia

**Miho Hashiguchi**

Director of Product Development
Department 2,
Research & Development Division

Sharing Value by Quantifying Food Texture

Calbee has long regarded food texture as a key element of product value. For example, while potato chips offer diverse textural variations, these qualities are often subjective and abstract, making it challenging to ensure the intention of the product developer is being conveyed to the consumer. To communicate the appeal of Calbee products more accurately, we launched an initiative to visualize food texture. In March 2024, we completed the development of an app that measures and graphs changes in food texture using the Temporal Dominance of Sensations (TDS) method.*

During development, we worked hard to ensure the team shared the same understanding of sensory terms, such as "crispy" and "crunchy."

With the app, information on the textures of Calbee products can now be shared more precisely and smoothly. For example, at the research lab, it has become easier for veteran technicians to share their visions with their junior team members. In marketing, the app makes it easier to clearly communicate the concept of a new product to consumers. In fact, developers have praised the tool, noting that it is persuasive because it is based on a scientific method, and that it captures the flavor and texture they

envisioned. As a result, we are now using the app to promote the appeal of our products.

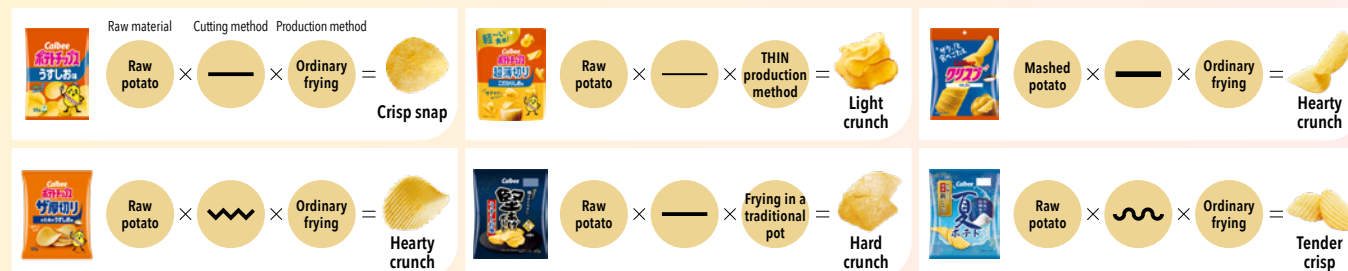
Looking ahead, growing overseas will require us to share and align on the food texture preferences across different regions, languages, and cultures. In Japan, too, consumer preferences are diversifying across generations and genders, making it increasingly important to understand in detail who prefers what kinds of food textures. By using the app, we have made progress in collecting and analyzing this kind of data. We are confident that, in turn, we can use it to develop products more strategically, and are now further enhancing its functions.

* An evaluation method that can capture the change over time in multiple sensory attributes from a single measurement

**Io Umebara**

Quality Research Section,
Research Department,
Research & Development Division

Realizing Diverse Food Textures That Can Draw Out the Full Delicious Taste of a Potato



Future Direction of Calbee's Manufacturing and Business Evolution

Marketing

Creating Value That Brings Consumers Joy



Yuki Araki

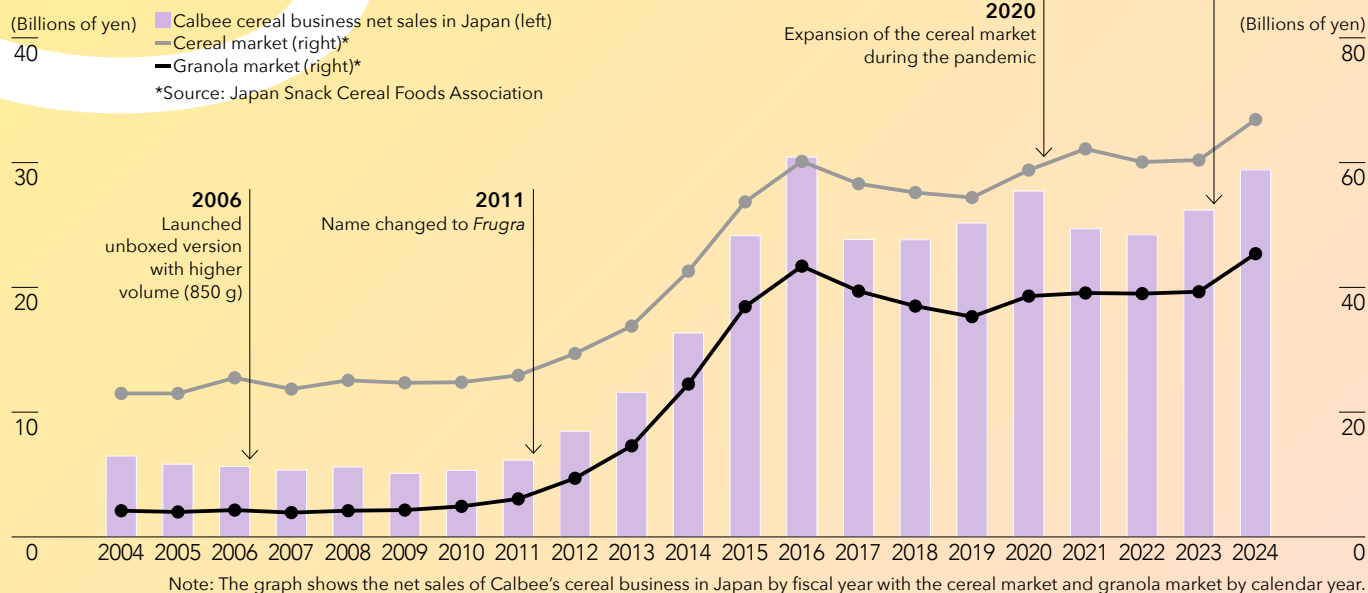
General Manager of
the Marketing Division,
Calbee Japan Region

Marketing is central to bringing joy and happiness to consumers' lives. A critical aspect of this is being able to truly understand them. The 40-year journey of Calbee's cereal business, for example, illustrates the importance of understanding the value consumers seek.

In 1988, when Calbee entered this market, we initially targeted young working women, reflecting the growing participating of women in the workforce at the time. However, we struggled to gain traction, partially because cereal had not yet gained a foothold in Japan. We then expanded our target to working families in their 30s and 40s. While adjusting the flavor to suit Japanese tastes, we leveraged media opportunities to focus on creating consumption experiences and improving the image of cereal. Subsequently, as the values of convenience and nutrition became more prominent in the market, sales grew sharply in the early 2010s.

Later, as growth began to show signs of leveling off, we focused on developing the market further by expanding our target segments and consumption occasions, such as snacking between meals and creating products for children. In 2020, during the pandemic, cereal was again recognized

Development of the Cereal Market



for its convenience and nutrition, but also as a stockpile food, driving renewed growth. And more recently, in response to rising demand for healthier products, we launched *Body Granola*, a personalized granola subscription service tailored to each individual's gut health.

Our success in creating, establishing, and expanding this market over the long term—and embedding cereal in Japan's breakfast culture—is the result of understanding the value sought by consumers. Drawing on this experience, Calbee is now promoting marketing reforms in three key areas to enable sustainable growth even as Japan's population continues to decline.

The first is deepening our understanding of consumers.

By leveraging Calbee's fan club, the "Lbee" program, we are strengthening our collection and analysis of data in response to increasingly diverse lifestyles and evolving preferences. The second is enhancing our brand value. We are clarifying Calbee's brand story and values, and proactively promoting aspects such as our Group's history and commitment to quality. Finally, we are improving our consumer experience by fostering greater two-way communication.

At its core, marketing is about developing and creating products that bring joy and happiness to consumers' daily lives. I consider it my mission as General Manager of the Marketing Division to create the policies and strategic framework needed to achieve this.

Future Direction of Calbee's Manufacturing and Business Evolution

& Beyond

Tackling Challenges for the Decade Ahead

Creating New Value by Crossing Boundaries

One of the keys to living a fuller life is understanding our own health and adjusting our daily diets to fit our lifestyles. This idea gave rise to *Body Granola*, a service that tests and analyzes an individual's intestinal flora, before providing regular deliveries of personalized granola. In just two years since we began this service in April 2023, we have surpassed 30,000 registered users.

In developing *Body Granola*, we focused on using both prebiotic ingredients that help to nurture intestinal bacteria, and creating flavors that consumers can continue to enjoy on a daily basis. Our model for this was our cereal brand *Frugra*, which we have continuously improved over more than 30 years. *Frugra* is popular among consumers because of its enduring taste and Calbee's commitment to safety and quality. The same technology and approach underpins *Body Granola*.

However, to provide new value in the form of personalized nutrition, we needed to design a completely new type of business model. *Body Granola* presented a number of elements that are new to Calbee, such as personalized product development, which is distinct from conventional mass-produced products, and establishing a subscription-based sales channel, which also differs from in-store sales. Another vital aspect was co-creation with start-up companies in Japan specializing in intestinal flora. As a result, we had to redesign our operations across almost every function, from product design to production and quality control, distribution and logistics, system coordination, and legal compliance.

Central to this effort was creating a team designed to work beyond boundaries. We established a flat team structure that enabled us to discuss matters openly and on an equal footing across internal divisions and external partners, building consensus point by point. While this process

took time, it provided a strong sense of accomplishment and demonstrates how new value emerges when diverse knowledge and cultures intersect. I believe this process itself embodies the spirit of Next Calbee & Beyond.

Going forward, Calbee will continue to create new value for society in the field of Food and Health by co-creating across internal and external boundaries, thereby helping to realize Next Calbee & Beyond.

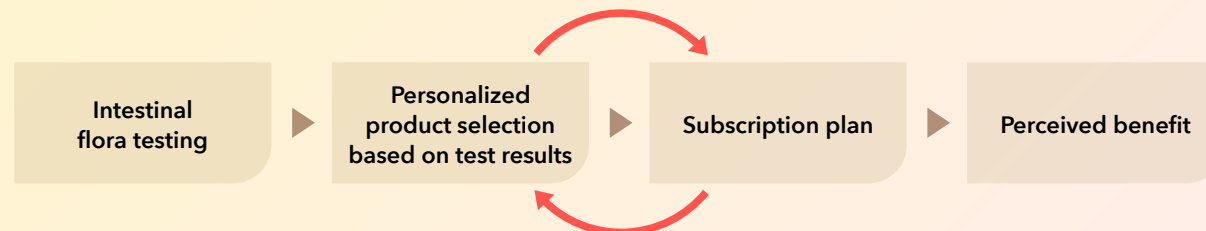
**Tetsuya Kaneko**

Brand Manager of
the Body Granola Team, Cereal
Department, Marketing Division

Overview of the *Body Granola* Service



- D2C subscription service enabling consumers to choose granola types based on their individual intestinal flora test results
- Joint venture with Metagen, Inc. (R&D support) and Cykinso, Inc. (intestinal flora testing and analysis)



Leveraging Our Value Creation Capabilities for Overseas Growth



Keiei Sho

Director, Senior Managing Executive Officer & CSO,
President of Calbee
Europe & Americas Region

Drawing on Lessons Accumulated Overseas

Calbee currently operates in 12 countries and regions, leveraging the strengths we have developed in Japan to manufacture and market snacks and cereals tailored to local preferences. Our global journey has been one of learning, marked by both successes and setbacks, each progressively deepening our understanding of individual markets.

Beginning in 2010, as profitability in our domestic business improved, we reinvested those gains to pursue a localization strategy, entering new countries and regions primarily through joint ventures with partners that had established local sales networks. While we ambitiously pursued international growth, however, at the time we lacked sufficient global talent to drive our overseas operations. As a result, we were unable to fully leverage the strengths and expertise developed in Japan, and with our resources spread too thin, overall performance remained limited.

To overcome this sense of stagnation and achieve sustainable growth, we instead opted for a strategy of “selection and concentration,” withdrawing from unprofitable operations and restructuring our business portfolio. As part of this, in 2015, we dissolved a joint venture in China after determining it held limited potential future synergies.

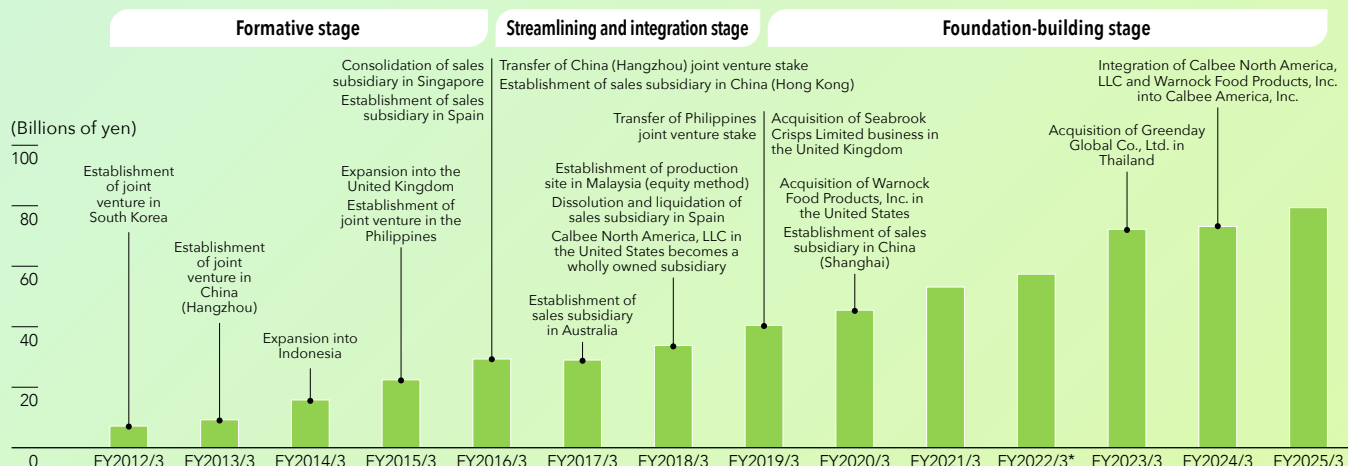
Immediately after transferring our stake, we initiated discussions with a leading local e-commerce company. We then established a sales subsidiary in Hong Kong, and committed to accelerating growth in the Chinese market through e-commerce, which was growing rapidly. By strengthening sales of our popular *Jagabee* and *Frugra* products, we were subsequently also able to expand brand recognition efficiently. Today, we continue to take steps to further drive sales growth, while seeking the optimal balance between e-commerce and physical retail.

Meanwhile, in Indonesia, which we entered through a joint venture, we chose to continue operations despite challenging market conditions. Independent retailers make up 70% of the local snack market, and it is widely recognized that it can take up to five years just to secure shelf space and another five years to generate profits. However, with population growth expected to drive strong market growth, we

determined it was important to persist with this business for the long term. By developing products more suited to local tastes and leveraging synergies with our joint venture partner, we have steadily built brand recognition. In a market of over 280 million people, gaining recognition will help lay the groundwork for growth over the next 10 to 20 years.

In North America, we launched *Harvest Snaps*, adapted from Japan's *Sayaendo*, in 2013. Given significant competition in mainstream snack aisles, we positioned the product in the fresh produce aisle under the “Better for You” category, successfully capturing growing demand for health-conscious products. Subsequently, to broaden our product portfolio, we then acquired a U.S. snack manufacturer in 2019. We further responded to growing demand for Asian foods, particularly among younger consumers, by expanding our distribution of brands of Japanese origin from Asian food specialty retailers to the ethnic food aisles of major U.S. supermarkets.

Overseas Expansion and Overseas Net Sales Growth



* The revised Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) has been applied from the beginning of FY2022/3. As a result, the method of accounting for rebates and other items as selling, general and administrative expenses has been changed to a method of deducting these items from net sales.

Leveraging Our Value Creation Capabilities for Overseas Growth

We also expanded in the United Kingdom through an acquisition. To broaden our product portfolio beyond the “Better for You” category, we acquired a well-known local potato chips brand, *Seabrook*. This provided a foothold to expand our product lineup and establish a more sustainable platform to drive growth in the market.

Aiming for Global Growth

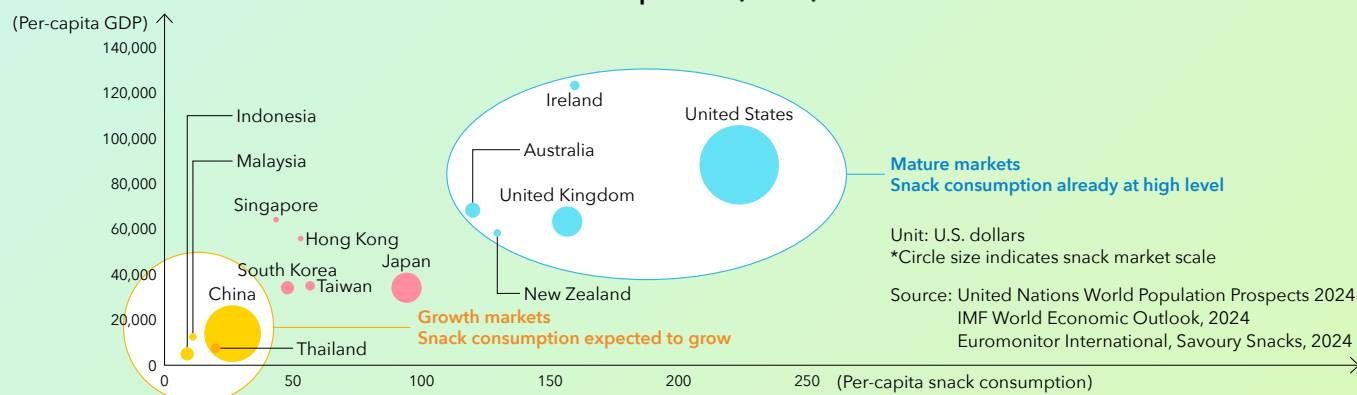
Looking ahead, our overseas strategy will not only focus on pursuing profitability in each region, but also positioning Calbee as a company that can generate earnings at a truly global scale. Previously, our approach centered on “local production for local consumption.” Today, we see greater potential in moving beyond this concept. For example, after 40 years in Thailand, we have established a strong base capable of steady, low-cost and high-quality production, alongside extensive export experience. By leveraging these strengths to expand our exports to higher-margin regions such as North America and Australia, we aim to revitalize our overseas business as a whole. Allocating and managing resources globally will be a key driver of our business

strategy going forward.

At the same time, expanding our business requires us to strengthen our core functions in each market, such as finance, development, marketing, supply chain management (SCM), and human resources. In Japan, employees primarily concentrated on our core domestic business, but there are signs this is now shifting significantly. Growth in overseas sales and the adoption of a regional management structure have increased interest in and proactive engagement with our overseas business.

Building on this momentum, we aim to accelerate our development in overseas markets by leveraging the technologies and expertise we have developed in Japan, particularly in creating great-tasting and fun products, to tailor textures and tastes to local preferences. As we deploy the know-how we have accumulated in Japan to overseas markets, we will build a stronger global foundation by strategically allocating resources, such as personnel, capital, and equipment, to our overseas operations, while strengthening cross-functional capabilities across the Group.

Scale of Snack Market in Countries Where Calbee Operates (2024)



Strength Expertise in Raw Materials

Consistent Quality by Focusing on Raw Materials

Calbee products are made from agricultural produce, which can vary in quality, size, flavor, and other aspects due to environmental factors such as weather. To ensure consistent quality, we work closely with growers to select the right varieties and harvest areas, enabling us to procure raw materials of reliable quality. We are expanding this approach overseas as well. For example, both Calbee, Inc. and Calbee America, Inc. source potatoes from the same suppliers in North America. By applying our expertise in raw materials cultivated in Japan and upholding the same quality standards used domestically, we ensure that we consistently procure high-quality raw materials worldwide.

Leveraging Our Value Creation Capabilities for Overseas Growth

Knowledge for Creating
Desired Textures

Consumer preferences for texture differ from country to country. For example, in North America, harder textures are preferred, while snacks that tend to stick to teeth, such as rice crackers, are less popular. Calbee has developed extensive expertise in textures. By selecting the optimal raw materials and production processes to achieve the desired texture, we can develop products that match the preferences of each market.



Asian Style Chips launched in November 2024



Takuro Tatsumi

R&D,
Calbee America, Inc.Strengthening Product Development Based on
Local Preferences

North America is one of the world's largest snack markets and is expected to continue growing. Rising health consciousness and growing interest in Asian cultures are creating new opportunities for Calbee, making this a focus market within our overseas business. Because consumer preferences differ from those in Japan, simply exporting brands of Japanese origin is not enough to compete effectively. To address this, we established the R&D Innovation Center in California in January 2025.

With North American consumers coming from highly

diverse backgrounds, accurately understanding the trends of each target segment and setting clear directions for product development are critical. With this in mind, we recently strengthened our development of products in the "Better for You" category to meet health-conscious demand. As North American consumers consume significant amounts of snacks, they are also very conscious of factors such as the gluten content, oil levels, and protein. In response, we have bolstered our lineup of *Harvest Snaps*, which is gaining recognition as a gluten-free snack made from beans, and also developed *Crunchy Loops*, a lentil-based product. Although beans are rich in dietary fiber and protein, and therefore more difficult to process, we successfully tested optimal processing conditions to create their puffed form, making it possible to mass produce them.

In November 2024, we also released *Asian Style Chips*, a new brand differentiated through its authentic Asian-style flavors. To appeal to North American consumers, we increased the intensity of both the colors and flavors compared to our products for the Japanese market, and they have subsequently been well received. Going forward, an important theme for overseas R&D will be to continue drawing on technologies developed in Japan while adapting products to local consumer preferences.



R&D Innovation Center opening ceremony



Employees working in R&D