



Calbee Group Financial Results

First half of fiscal year ending March 31, 2022

April 1, 2021 – September 30, 2021

TSE code : 2229

Calbee, Inc.

2021.10.29

1 . FY2022/3 Business summary of first half and management direction

Shuji Ito, President and CEO

2 . FY2022/3 Review of first half results

Koichi Kikuchi, Senior Managing Director and CFO

FY2022/3 Business summary of first half and management direction

Shuji Ito
President and CEO

- Implemented measures based on the Medium-term Management Plan policy
- Sales and profit achieved plan amid raw material price hikes higher than initially expected and potato shortage concerns

Key initiatives	Major actions and summary
Existing domestic businesses: Create new value and realize high profit	<ul style="list-style-type: none">• Products with new value were accepted by the market; products that respond to household consumption demand strong too• Improved selling costs on higher sales of regular products• Despite plans in domestic cereals to enhance nutritional appeal and capture snack demand, issues remain• Increased efficiencies from incorporating digital technology in the value chain
Overseas business: Establish revenue-generating bases in 4 key regions	<ul style="list-style-type: none">• Launched new products in North America, UK, Indonesia• Snacks grew in Greater China
New business: Establish businesses in new food areas	Sweet potato business grew on synergies from expanded raw material procurement, etc.

- Implement policies towards achieving full year plan and medium- to long-term growth
- Enhance supply chain resilience to reduce raw material procurement risk, etc.

Key initiatives

Policies and measures for FY2022/3 H2 onwards

Existing domestic businesses:

Create new value and realize high profit

- Snack price/content revisions
Raise price of *Potato Chips*, change content volume of *Jagarico* in response to potato shortage, high prices of cooking oil, etc.
- In cereals, revise prices, launch new products and renew products to grow customer base
Enter the rapidly growing oatmeal market
- Create more stable procurement structure for potatoes and promote innovation in production technology

Overseas business:

Establish revenue-generating bases in 4 key regions

- Implement price/content revisions in response to high raw material prices
- Continue to raise penetration of the Calbee brand

New business:

Establish businesses in new food domains

Proactively seek new growth opportunities via new ingredients following on potatoes, and in new businesses

Content revisions (from Jan. 24, 2022)

Calbee
Harvest the Power of Nature.

Implemented price hikes and content changes for some products in response to a smaller harvest of potatoes in Hokkaido and higher prices for raw materials such as cooking oil

Potato Chips

Price revisions

7-10% increase



Change in
content volume

63g→60g 85g→80g



For
convenience store

Jagarico

Change in
content volume

60g→57g 72g→68g



Initiatives against risk of reduced domestic potato harvest

■ Decentralize domestic potato production areas

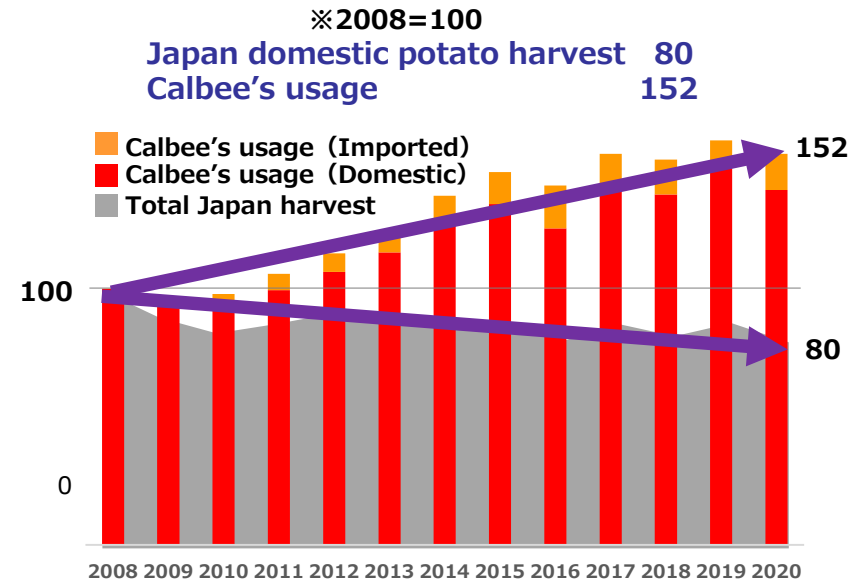
Expand production areas
within Hokkaido and in Tohoku region

■ Expand potato imports

Seasonal restrictions abolished in 2020

From only off-season (Feb.-Jul.)
→ possible year-round

Change in potato yield/usage amounts



■ Import products and semi-finished products from overseas Group factories



■ Switch varieties, use new varieties, develop cultivation techniques

■ Develop products/businesses which use ingredients other than potatoes

Shareholder return policy

Changed shareholder return policy to enhance distribution of profit and raise capital efficiency

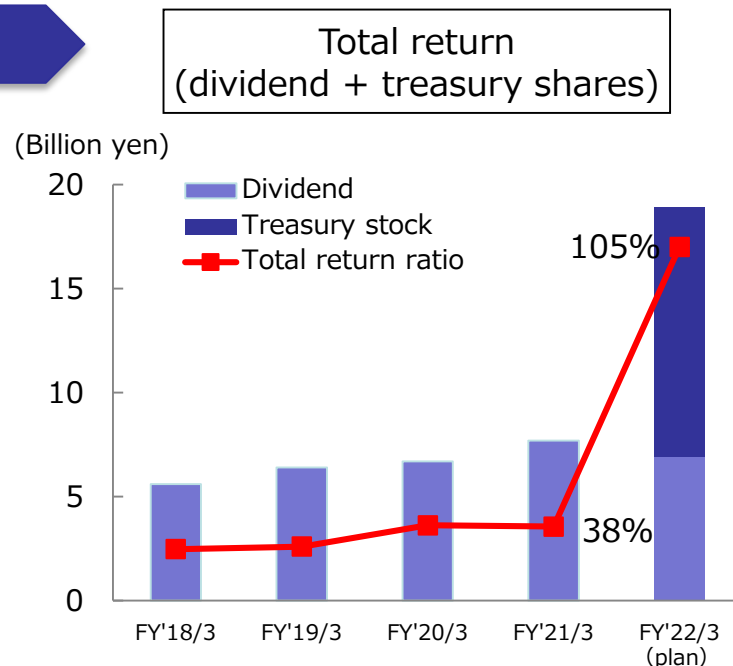
Current: Aim for Consolidated dividend payout ratio over 40%

New: Aim for Consolidated total return ratio over 50%

Aim to maintain stable dividend+ conduct agile share buybacks

Shareholder returns FY2022/3 (plan)

- Dividend
¥52 per share (¥2 increase YoY),
unchanged from initial forecast
- Share buyback
Cost: Up to ¥12 billion
Number of shares: Up to 5,500,000
Period: 2021/11/1 - 2022/3/31
Method: Market purchases on the TSE



FY2022/3 Review of first half results

Koichi Kikuchi
Senior Managing Director and CFO

Due to the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, certain selling expenses(rebates) that were previously recorded as SG&A expenses are now deducted from gross sales.

Gross sales: sales figures before deducting certain selling expenses

Net sales: sales figures after deducting certain selling expenses

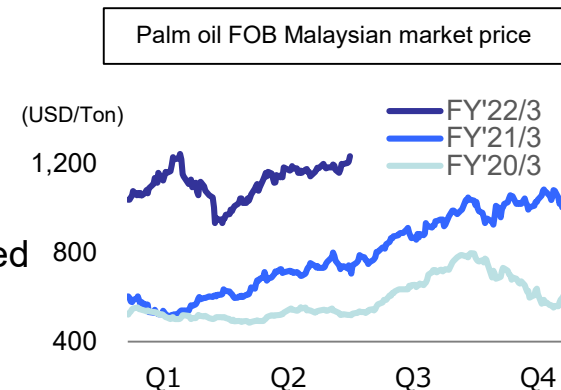
The treatment of this change in this document is as follows.

	FY2022/3 H1	FY2021/3 H1
Gross sales		
Sales by product	As before	As before
Sales by region		
Rebates deducted from sales	Certain selling expenses deducted from gross sales	None (included in SG&A)
Net sales	Deducted certain selling expenses from gross sales	None
Operating profit	As before	As before
Operating margin	Calculated using gross sales as denominator	Calculated using gross sales as denominator

FY2022/3 H1: Results highlights

Summary

- **Gross sales** Increased due to strong snack sales both in Japan and overseas
- **Operating profit** Prices of raw materials such as cooking oil rose sharply worldwide
Domestic: Profit rose on effect of higher sales and reduced selling expenses covered higher costs (around ¥0.6bn)
Overseas: Profit fell on inability to cover effect of higher costs (around ¥0.5bn)
- **Net income** Rose on growth in operating income, foreign exchange gains, etc.



(Billion yen)

	FY'2022/3 H1	FY'2021/3 H1	Change	FY'2022/3 H1 Target	vs. plan Ratio
Gross sales	136.2	130.9	+4.0%	134.5	101.3%
Net sales	120.4	—	—	118.3	101.8%
Gross domestic sales	105.7	104.3	+1.4%	104.7	101.0%
Net sales	93.4	—	—	92.3	101.3%
Gross overseas sales	30.5	26.7	+14.2%	29.8	102.2%
Net sales	27.0	—	—	26.0	103.8%
Operating profit	13.3	13.0	+2.2%	13.3	100.0%
Operating margin (for gross sales)	*9.8%	9.9%	-0.2pts	9.9%	-0.1pts
Domestic	12.2	11.4	+7.3%	11.9	102.9%
Overseas	1.1	1.6	-32.9%	1.4	76.4%
Ordinary profit	13.6	12.7	+6.5%	13.1	104.0%
Extraordinary income/loss	-0.2	-0.1	—	-0.3	—
Net profit **	9.2	8.2	+11.6%	8.5	108.0%

*Operating margin (for net sales) was 11.0%

**Profit attributable to owners of parent

FY2022/3 H1: Domestic business

- **Gross sales** (Snacks) Rose on strong sales of *Jagarico* and growth in products with new value such as bean-based snack *miino*
(Cereals for domestic consumers) Sales decreased on the absence of last year's nesting demand
(Cereals for overseas export) Sales declined by ¥1.1 billion due to a change in distribution (on transfer of sales to Chinese subsidiary)
(Other food products) Sweet potato business grew

- **Operating profit** Rose on higher sales and reduced selling expenses for snacks, despite a sharp rise in the price of cooking oil (Billion yen)

	FY2022/3 H1		
		Change(YoY)	
Gross domestic sales	105.7	+1.4	+1.4%
Snacks	87.7	+2.9	+3.4%
<i>Potato Chips</i>	41.1	+0.1	+0.2%
<i>Jagarico</i>	17.9	+1.3	+7.9%
Products with new value/other snacks	28.7	+1.5	+5.5%
Cereals (for domestic consumers)	12.6	-1.2	-8.9%
Cereals (for overseas export)	0.6	-0.9	-61.3%
Others (Sweet potatoes, Potatoes, Services)	4.9	+0.7	+17.7%
Rebates deducted from sales	-12.3	—	—
Domestic operating profit	12.2	+0.8	+7.3%
Operating margin	* 11.5%	+0.6pts	—

*Operating margin (for net sales) was 13.1%

Snacks

Potato Chips

Sales were flat YoY (high demand for *Kataage Potato* (Kettle Chips) continued).

Controlled sales promotions and suspended sales/delayed launches of products because of delayed domestic potato harvests in prefectures other than Hokkaido, etc.

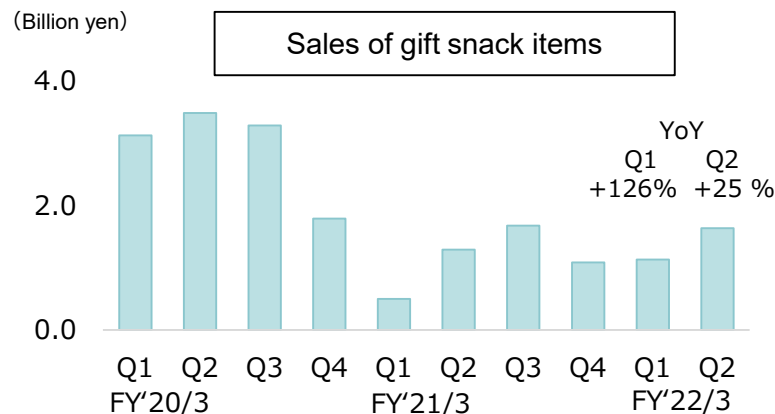
Jagarico

Sales rose on proactive launches of limited time products and diversification of the packaging formats of products such as *bits Omori*(large-bag type).

Products with new value and other snacks

Strong sales of *miino* and *Potato Deluxe*

Sales of gift snack items increased from sales at Product Exhibition and supermarkets etc, despite inbound and domestic tourism remained sluggish.



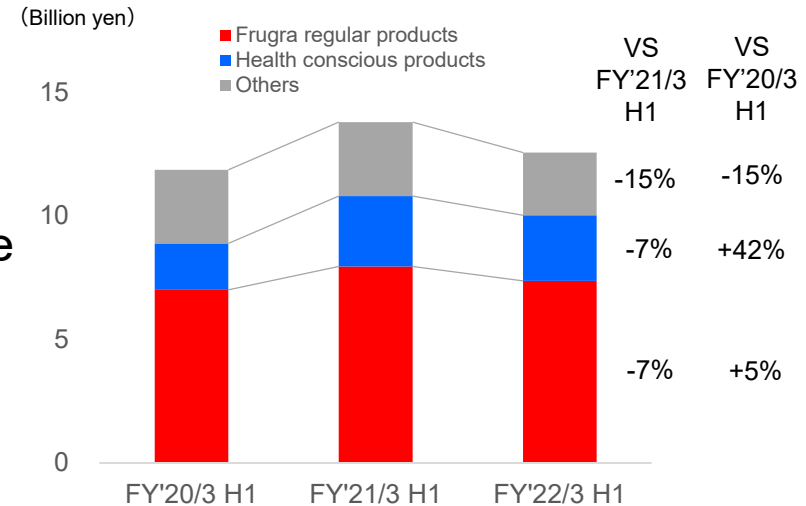
FY2022/3 H1: Domestic business

Cereals

- Sales fell due to the absence of last year's nesting demand and intensified competition
- Firm sales of cereals with health and nutritional appeal
- From H2, expand products in the medium-size range that are easy for customers to pick up



Sales of cereals (for domestic consumers)



Others

Sweet potato business: Expanded procurement and saw strong sales both wholesale and at company-owned shops



Potato Kaitsuka's original brand
『Benitenshi』



Company-owned shops
New shop opened in September

FY2022/3 H1: Overseas business

(Billion yen)

<Business results by region>	FY2022/3 H1			
		Change(YoY)		Change ex. forex in %
Gross overseas sales	30.5	+3.8	+14.2%	+6.0%
North America	7.6	+0.2	+2.4%	-0.9%
Greater China	9.1	+1.2	+15.6%	+5.7%
United Kingdom	3.8	+0.6	+19.6%	+5.9%
Indonesia	2.6	+0.6	+32.6%	+22.3%
Other regions	7.3	+1.1	+18.4%	+9.5%
Rebates deducted from sales	-3.5	—	—	—
Overseas operating profit	1.1	-0.54	-32.9%	—
Operating margin	* 3.6%	-2.5pts	—	—
North America	0.05	-0.34	-86.8%	—
Greater China	0.64	-0.00	-0.3%	—
United Kingdom	-0.00	-0.07	—	—
Indonesia	-0.37	-0.21	—	—
Other regions	0.78	+0.08	+11.4%	—
<Gross sales by product>				
Snacks	26.7	+3.8	+16.5%	—
Cereals	3.7	+0.0	+0.3%	—

*Operating margin (for net sales) was 4.1%

FY2022/3 H1: Overseas business

North America

■ Sales

- Dollar store channels sales of *Harvest Snaps* rose
- Sales of snacks for ethnic foods area decreased due to container shortages
- Warnock's OEM business sales declined

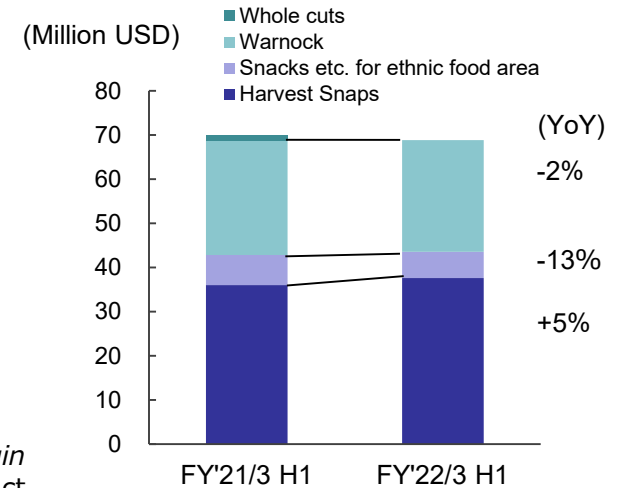
■ Operating profit

- Decreased on higher raw material and labor costs ratio



Launched *San Joaquin*
(Calbee brand product
manufactured by Warnock)

Sales by products in
North America (YoY -1%)



Greater China

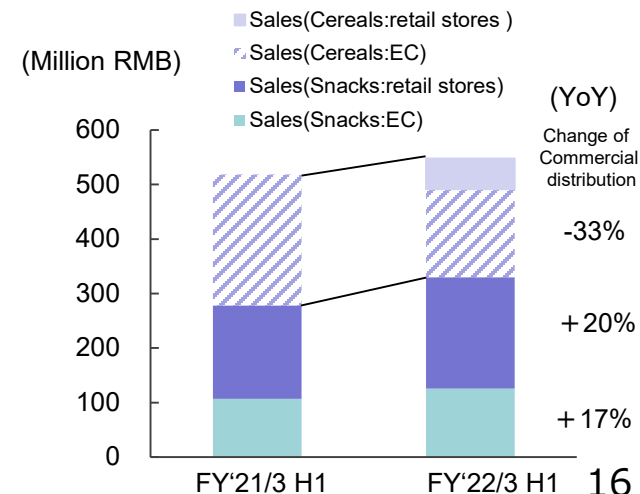
■ Sales

- Sales of snacks were strong for products such as *Honey Butter Chips* and *Jaga Pokkuru* via both EC and retail stores
- Sales of cereals fell in the absence of last year's nesting demand

■ Operating profit

- Proactively invested in promotions

Sales by products in
Greater China (YoY +6%)



FY2022/3 H1: Overseas business

Calbee

Harvest the Power of Nature.

UK

■ Sales

- Strong sales of Seabrook brand potato chips
- Snack sales rose due to new products *Loaded Fries* and *Loaded Bites*

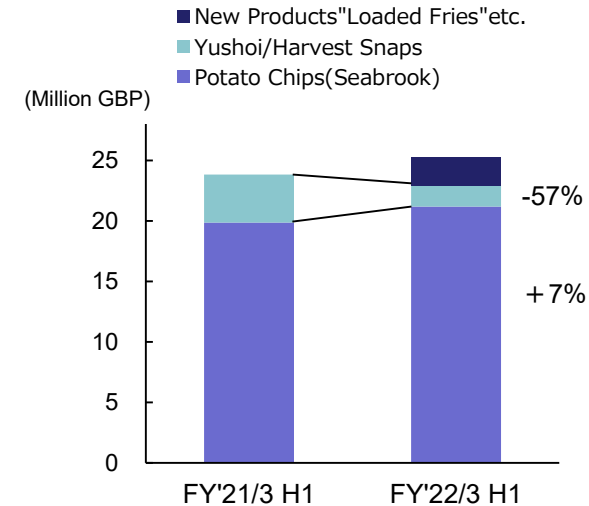
■ Operating profit

- Decreased due to higher raw material prices (cooking oil, etc.)



Launched Calbee brand
Harvest Snaps

Sales by products in UK
(YoY +6%)



Indonesia

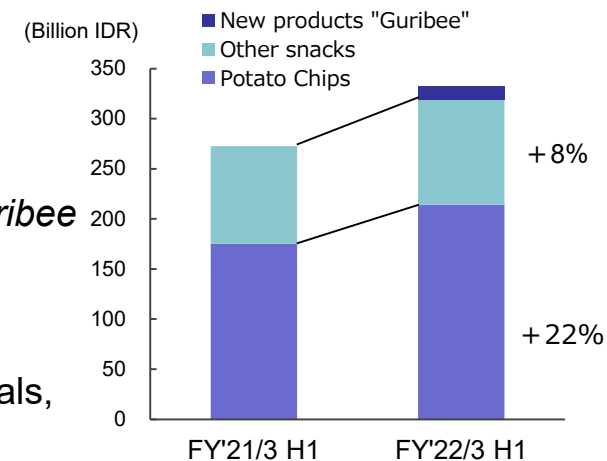
■ Sales

- In potato chips, competitor withdrew from market and sales of *Japota* were strong
- Snack sales rose on strong sales of *Krisbee* and launch of new product *Guribee*

■ Operating profit

- Decreased due to higher raw material prices (cooking oil, packaging materials, etc.)

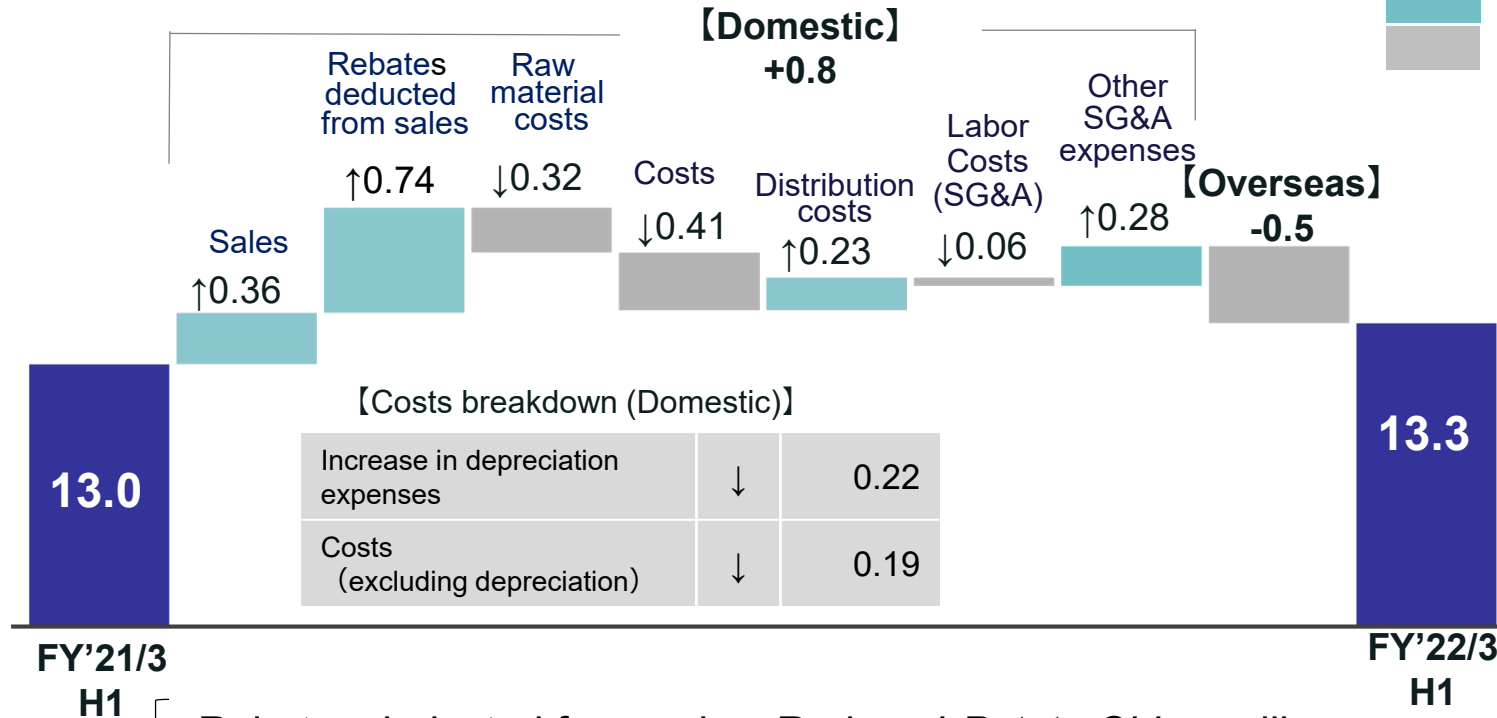
Sales by products in Indonesia
(YoY +22%)



FY2022/3 H1: Factors increasing operating profit

Change in operating profit (YoY)

(Billion yen)



【Domestic】

Rebates deducted from sales: Reduced *Potato Chips* selling expenses

Raw material costs: Sharp rise in price of cooking oil (-¥0.6bn), effect of product mix (+¥0.3bn)

Costs: Productivity decreased with *Potato Chips* sales adjustments

Distribution costs: Additional costs due to *Potato Chips* shortage and sales suspension (last year)

Other: Decreased due to marketing activities (TV commercials, etc.)

【Overseas】

Sharp increase in cost of raw materials (-¥0.5bn)

Reference material

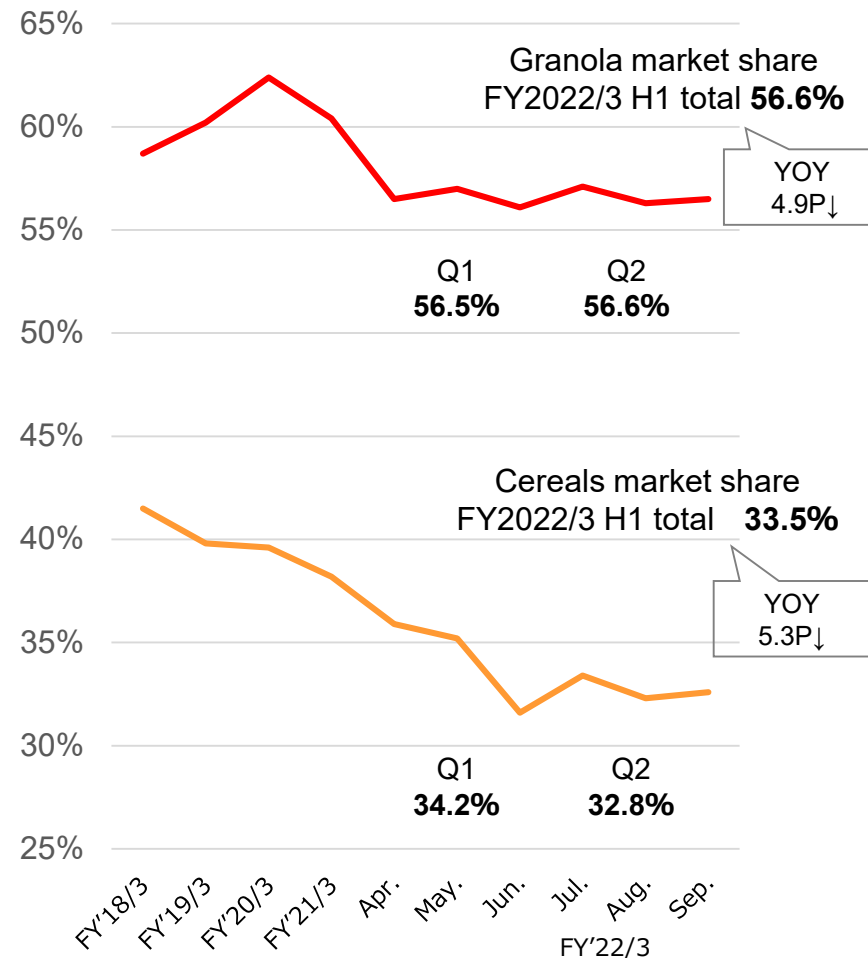
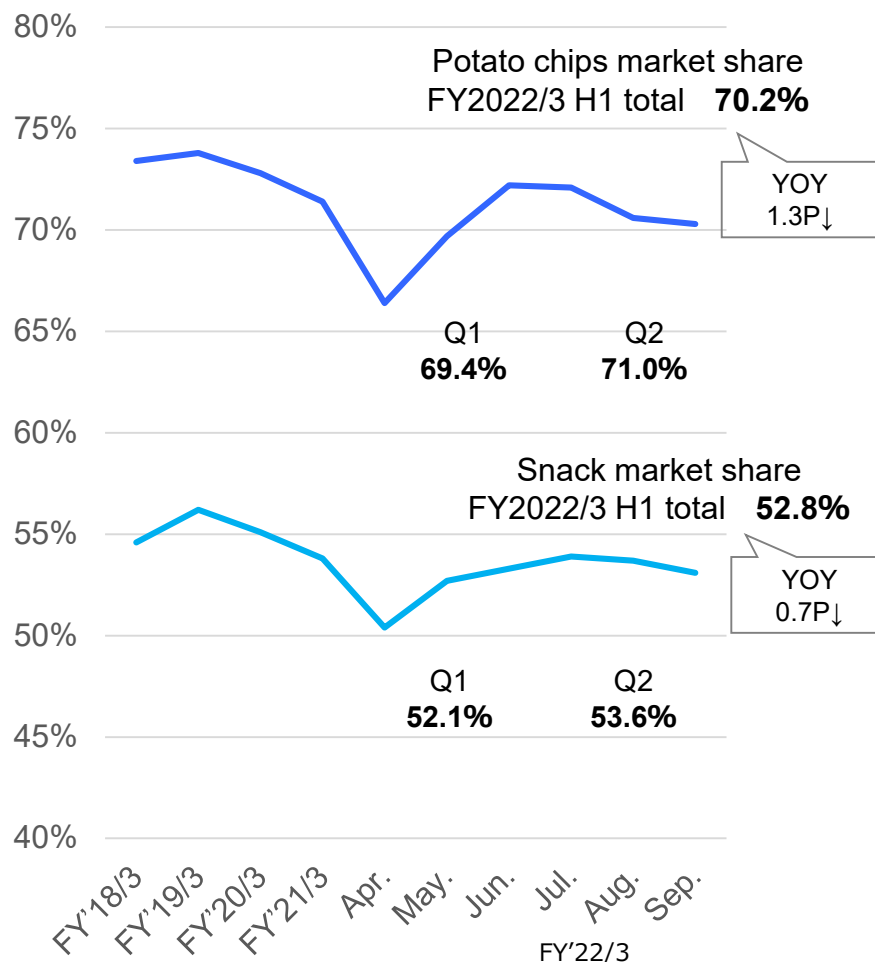
Consolidated profit and loss statement

(Million yen)

	FY2022/3 H1				FY2022/3 forecast		
		Percent of total(%)	Change (YoY)(%)	vs. plan Ratio (%)		Percent of total(%)	Change (YoY)(%)
Gross sales	136,193	100.0	—	101.3	275,000	100.0	—
Rebates deducted from sales	15,752	11.6	—	97.1	35,000	12.7	—
Net sales	120,440	88.4	—	101.8	240,000	87.3	—
Gross profit	42,089	30.9	—	98.6	87,800	31.9	—
SG&A	28,787	21.1	—	98.0	59,800	21.7	—
Selling	3,975	2.9	—	93.5	8,400	3.1	—
Distribution	9,665	7.1	+0.4	100.8	19,800	7.2	+2.9
Labor	9,776	7.2	+3.2	99.4	20,100	7.3	+4.0
Others	5,369	3.9	+2.0	94.2	11,500	4.2	+8.4
Operating profit	13,302	9.8	+2.2	100.0	28,000	10.2	+3.5
Ordinary profit	13,574	10.0	+6.5	104.0	27,500	10.0	-0.1
Extraordinary income/loss	-163	—	—	—	-500	—	—
Net profit*	9,178	6.7	+11.6	108.0	18,000	6.5	+1.8

* Profit attributable to owners of parent

■ Market share



Source: Intage SRI+ based on sales amount (nationwide, all retail formats)
From FY2021/3 Intage's SRI+ has changed how it conducts planning and estimation; prior figures have been revised to reflect the new method.

FY'22/3 H1 total :April 2021 – September 2021
Comparison period: April 2020 – September 2020
FY'18/3-FY'22/3: April 2017 – September 2021

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

Contact details for IR inquiries:
Calbee, Inc. Investor Relations Section
E-mail: 2229ir@calbee.co.jp
<https://www.calbee.co.jp/en/ir/>

- The Company's fiscal year ends on March 31. The fiscal year ending March 31, 2022 is referred to throughout this report as "FY2022/3," and other fiscal years are referred to in a corresponding manner. References to years not specified as being fiscal years 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.