



Calbee Group Financial Results

Third quarter of fiscal year ending March 31, 2022

April 1, 2021 – December 31, 2021

TSE code: 2229

Calbee, Inc.

2022.02.01

1. FY2022/3 Review of third quarter results

2. Revised FY2022/3 Full year forecasts

Repost

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

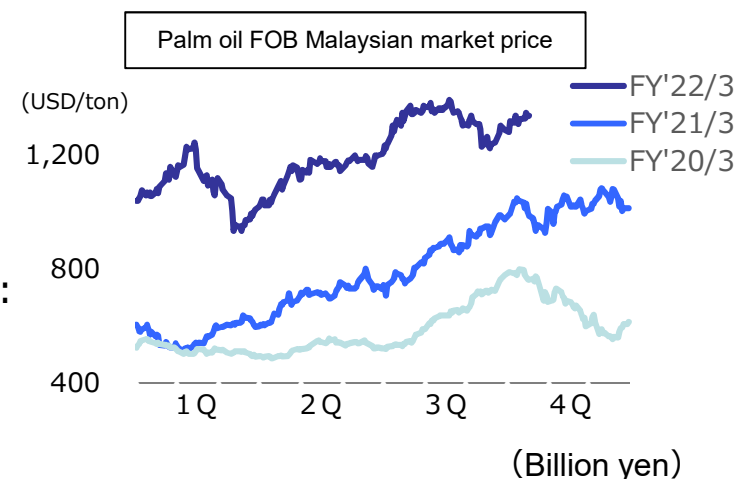
The treatment of this change in this document is as follows.

	FY2022/3 Q3	FY2021/3 Q3
Gross sales Sales by product Sales by region	As before	As before
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 Q3: Results highlights (three months)

Summary (three months)

- **Gross sales** Rose on strong sales overseas
- **Operating profit** Fell on sharp rise in both domestic and overseas raw material prices and energy prices (effect of higher costs YoY: Domestic: -¥1.5bn, Overseas: -¥0.5bn)
- **Net income** Fell on decreased operating profit despite foreign exchange gains and others



	FY2022/3 Q3	FY2021/3 Q3	Change	FY2022/3 Q3 Target	vs. plan Ratio
Gross sales	73.6	70.3	+4.8%	72.7	101.3%
Net sales	65.0	—	—	63.5	102.4%
Gross domestic sales	56.6	56.8	-0.3%	56.7	99.8%
Net sales	49.8	—	—	49.6	100.4%
Gross overseas sales	17.0	13.5	+26.2%	16.0	106.4%
Net sales	15.2	—	—	13.9	109.3%
Operating profit	7.6	8.8	-14.1%	9.0	84.3%
Operating margin (for gross sales)	* 10.3%	12.6%	-2.3pts	12.4%	-2.1pts
Domestic	7.2	8.1	-12.0%	7.9	90.6%
Overseas	0.4	0.7	-38.9%	1.1	38.3%
Ordinary profit	8.0	8.7	-7.6%	8.9	90.0%
Extraordinary income/loss	0.3	-0.1	—	-0.1	—
Net profit **	5.5	5.8	-5.2%	5.8	95.2%

*Operating margin (for net sales) was 11.7%

**Profit attributable to owners of parent

FY2022/3 Q3: Domestic business (three months)

■ Gross Sales

Rose in real terms, excluding the change in distribution of cereals to China

(Snacks) Sales were stable YoY, as despite lower sales of *Potato Chips* due to a smaller potato harvest, we focused on selling products with new value and other snacks

(Cereals for domestic consumers) Flat YoY due to growth in competing oatmeal products despite strong sales of *Less Carbohydrates*

(Cereals for overseas export) Sales fell by ¥0.6 billion due to a change in distribution (on transfer of sales to Chinese subsidiary)

(Other food products) Sweet potato business grew

■ Operating Profit

Profit fell due to sharp rise in raw material prices and energy prices (-¥1.5bn) despite improvement in selling expenses

(Billion yen)

	FY2022/3 Q3		
		Change(YoY)	
Gross domestic sales	56.6	-0.2	-0.3%
Snacks	47.2	-0.0	-0.1%
<i>Potato Chips</i>	23.0	-1.4	-5.7%
<i>Jagarico</i>	9.1	+0.1	+1.3%
Products with new value/other snacks	15.1	+1.2	+8.8%
Cereals (for domestic consumers)	5.5	-0.0	-0.4%
Cereals (for overseas export)	0.3	-0.5	-68.0%
Others (Sweet potatoes, Potatoes, Services)	3.7	+0.4	+13.3%
Rebates deducted from sales	-6.8	—	—
Domestic operating profit	7.2	-1.0	-12.0%
Operating margin	* 12.7%	-1.7pts	—

*Operating margin (for net sales) was 14.4%

FY2022/3 Q3: Domestic business (three months)

Snacks

Potato Chips/ Jagarico:

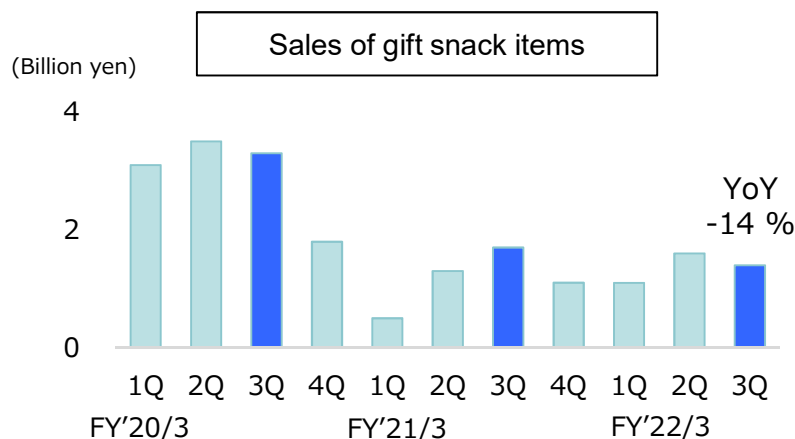
Suspended/delayed launches of some products due to a smaller potato harvest in Hokkaido
(*Potato Chips* -¥1.4bn, *Jagarico* +¥0.1bn, YoY sales)

Products with new value and other snacks:

Continued strong sales of *miino*

Sales rose on launch of new flavors for high-value-added products such as *Kappa Ebisen zeppin* (*superb taste*)

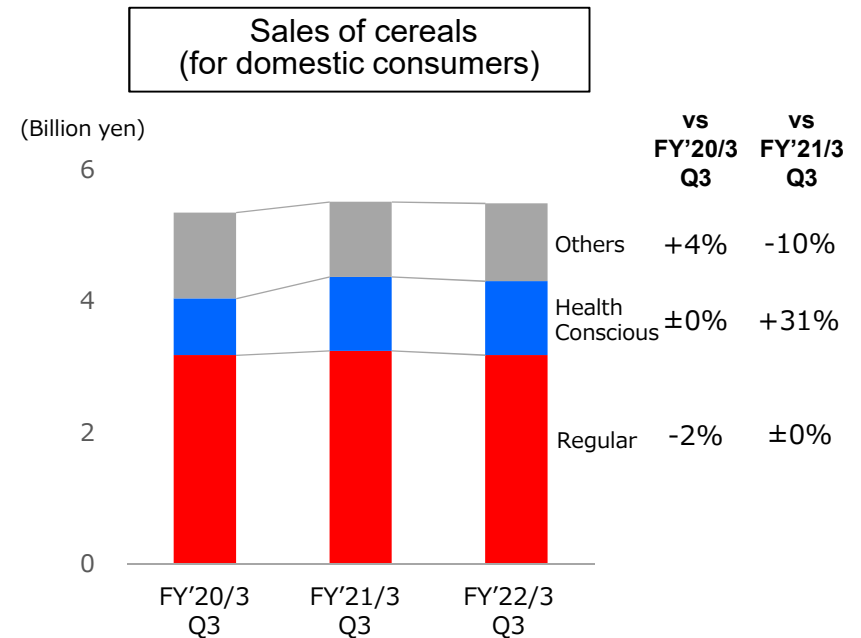
Sales of gift snack items decreased despite conducting sales activities through general channels and product exhibition, as demand fell from last year's level during the Go To Travel campaign



FY2022/3 Q3: Domestic business (three months)

Cereals

- Implemented content changes
 - Reduced volume of large-size products
 - Expanded lineup of medium-size products
- Continued strong sales of *Less Carbohydrates* that have health appeal (+15% YoY)
- Overall sales were flat YoY (competing oatmeal products grew)



Others

Sweet potato business: Expanded procurement and saw strong sales via wholesale, company-owned shop and e-commerce channels



Potato Kaitsuka's original brand
Benitenshi



Assorted gift box

FY2022/3 Q3: Overseas business (three months)

(Billion yen)

<Business results by region>	FY2022/3 Q3			
		Change (YoY)		Change ex. forex in %
Gross overseas sales	17.0	+3.5	+26.2%	+15.6%
North America	3.9	+0.6	+16.6%	+6.9%
Greater China	5.8	+1.9	+48.3%	+33.0%
United Kingdom	2.1	+0.5	+29.4%	+15.3%
Indonesia	1.6	+0.6	+57.0%	+45.1%
Other regions	3.6	+0.0	+0.9%	-3.6%
Rebates deducted from sales	-1.8	—	—	—
Overseas operating profit	0.42	-0.27	-38.9%	—
Operating margin	* 2.5%	-2.6pts	—	—
North America	-0.12	-0.42	—	—
Greater China	0.24	+0.20	+468.6%	—
United Kingdom	0.03	-0.04	-55.0%	—
Indonesia	-0.02	+0.06	—	—
Other regions	0.29	-0.06	-17.9%	—
<Gross sales by product>				
Snacks	14.5	+2.8	+23.8%	—
Cereals	2.6	+0.8	+42.1%	—

*Operating margin (for net sales) was 2.7%

FY2022/3 Q3: Overseas business (three months)

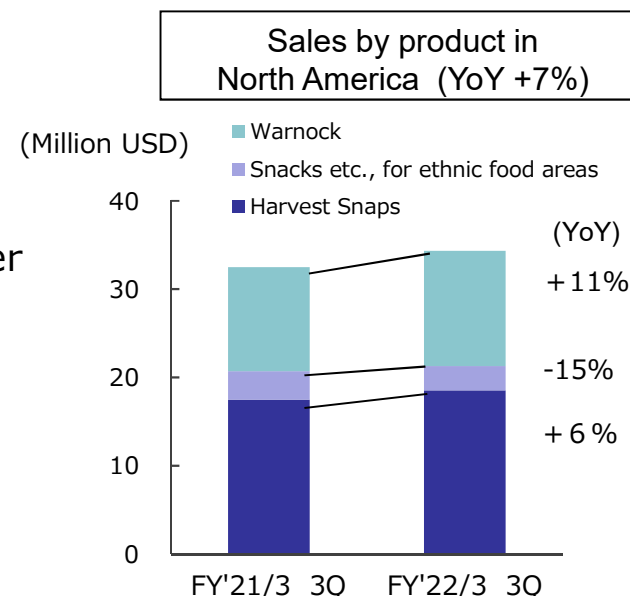
North America

■ Sales

- Sales of *Harvest Snaps* rose, mainly in dollar store channels
- Sales of snacks for ethnic foods area decreased due to container shortages
- Sales of Warnock, PBs rose but OEM struggled

■ Operating Profit

- Decreased on higher raw material and labor costs ratios



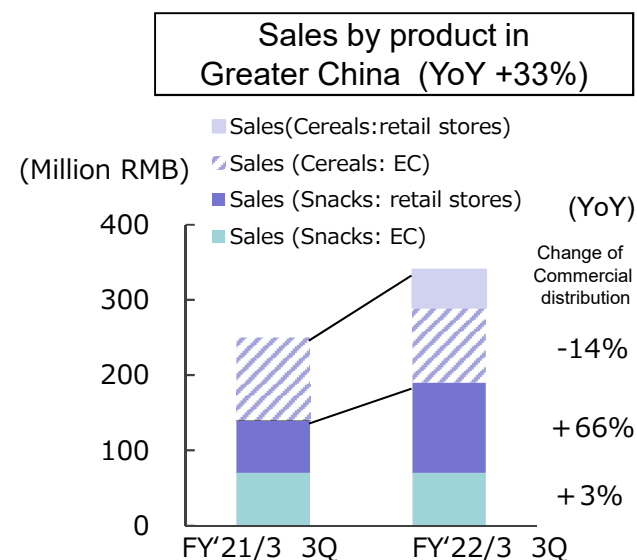
Greater China

■ Sales

- Strong sales of snacks such as *Jagabee* and *Honey Butter Chips* via both EC and retail stores
- Sales of cereals via EC decreased due to the absence of previous year's nesting demand, otherwise, sales to retail stores achieved the plan as delays in commercial distribution transfer were resolved

■ Operating Profit

- Rose on higher sales



FY2022/3 Q3: Overseas business (three months)

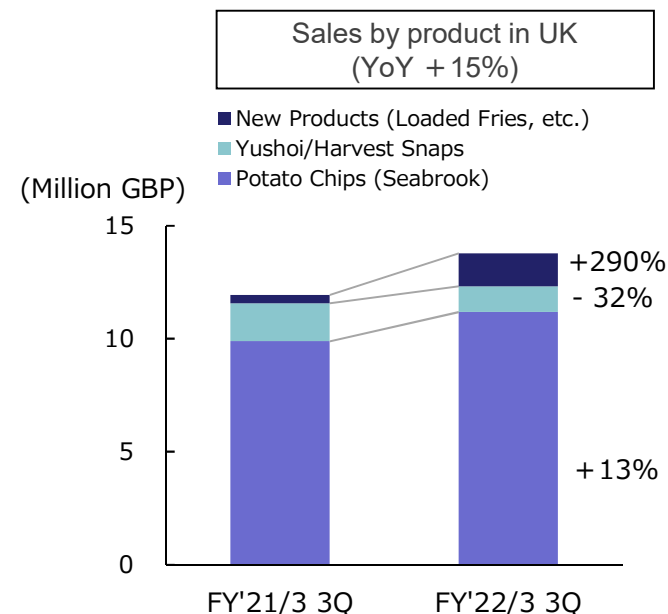
UK

■ Sales

- *Potato Chips* sales grew due to expanded distribution areas and promotional campaigns
- Snack sales rose due to start of distribution of Seabrook brand *Loaded Fries* and *Loaded Bites* to major distributors, etc.

■ Operating Profit

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



Indonesia

■ Sales

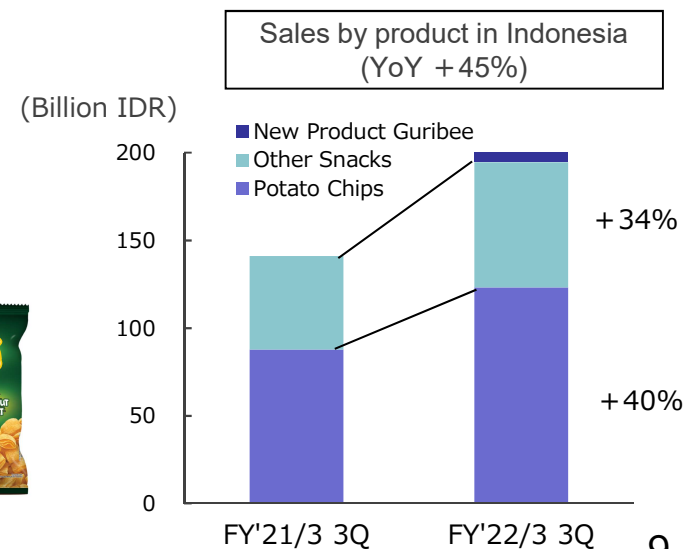
- *Potato Chips* sales grew on proactive promotional spending following a competitor's withdrawal
- Snack sales rose on strong sales of *Krisbee* and firm sales of new-texture product *Guribee*

■ Operating Profit

- Higher sales reduced operating loss



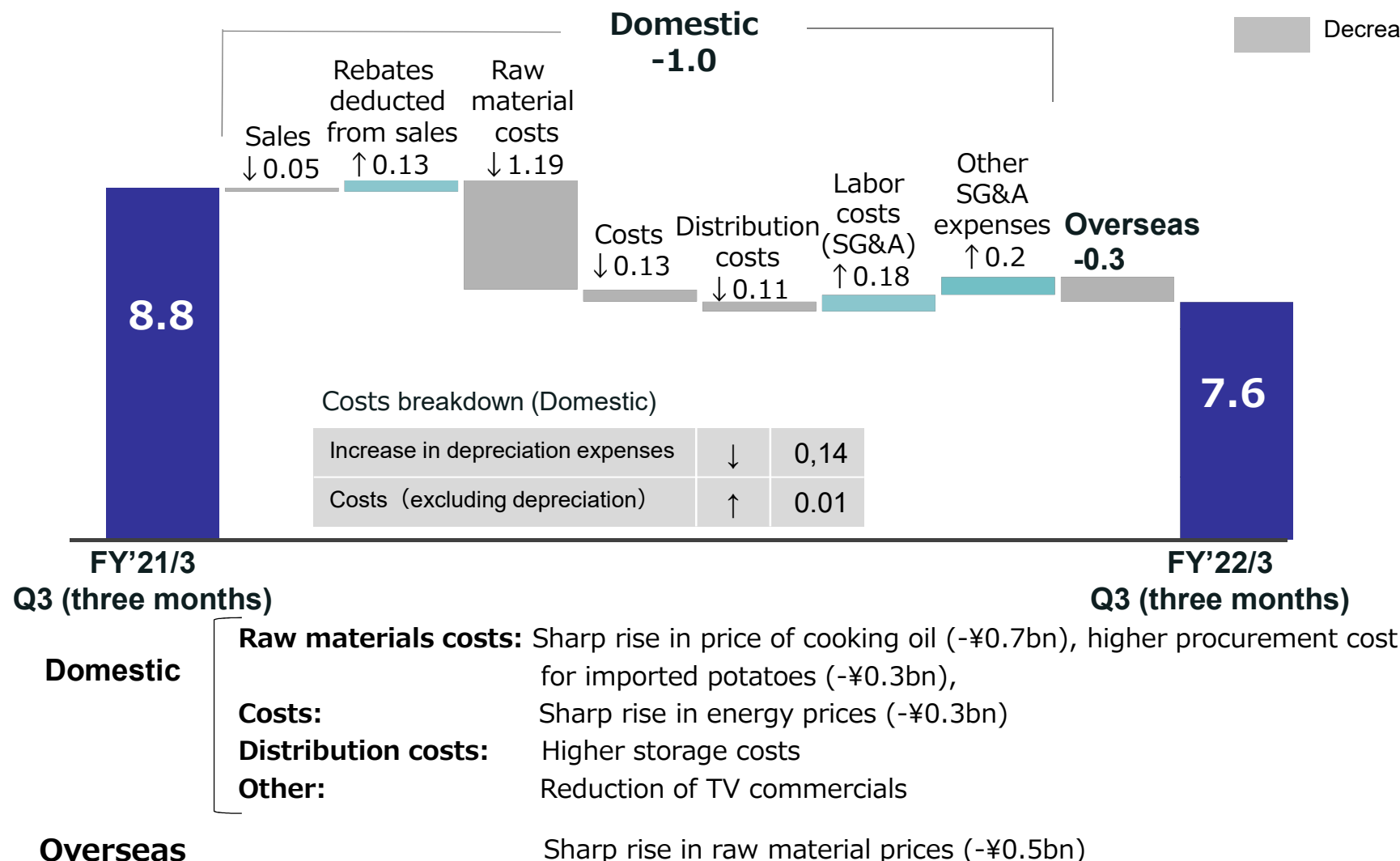
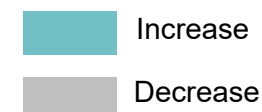
New product *Guribee*



FY2022/3 Q3 (three months): Factors decreasing operating profit

Changes in operating profit (YoY)

(Billion yen)



FY2022/3 Q3: Results highlights (nine months)

(Billion yen)

	FY2022/3 Q3	FY2021/3 Q3	Change	FY2022/3 Q3 Target	vs. plan Ratio
Gross sales	209.8	201.2	+4.3%	207.2	101.3%
Net sales	185.5	—	—	181.8	102.0%
Gross domestic sales	162.3	161.0	+0.8%	161.4	100.6%
Net sales	143.3	—	—	141.9	101.0%
Gross overseas sales	47.5	40.2	+18.3%	45.8	103.7%
Net sales	42.2	—	—	39.9	105.7%
Operating profit	20.9	21.8	-4.4%	22.3	93.7%
Operating margin (for gross sales)	* 10.0%	10.9%	-0.9pts	10.8%	-0.8pts
Domestic	19.4	19.5	-0.8%	19.8	98.0%
Overseas	1.5	2.3	-34.7%	2.5	59.9%
Ordinary profit	21.6	21.4	+0.8%	21.9	98.4%
Extraordinary income/loss	0.1	-0.2	—	-0.4	—
Net profit **	14.7	14.0	+4.7%	14.3	102.8%

*Operating margin (for net sales) was 11.3%

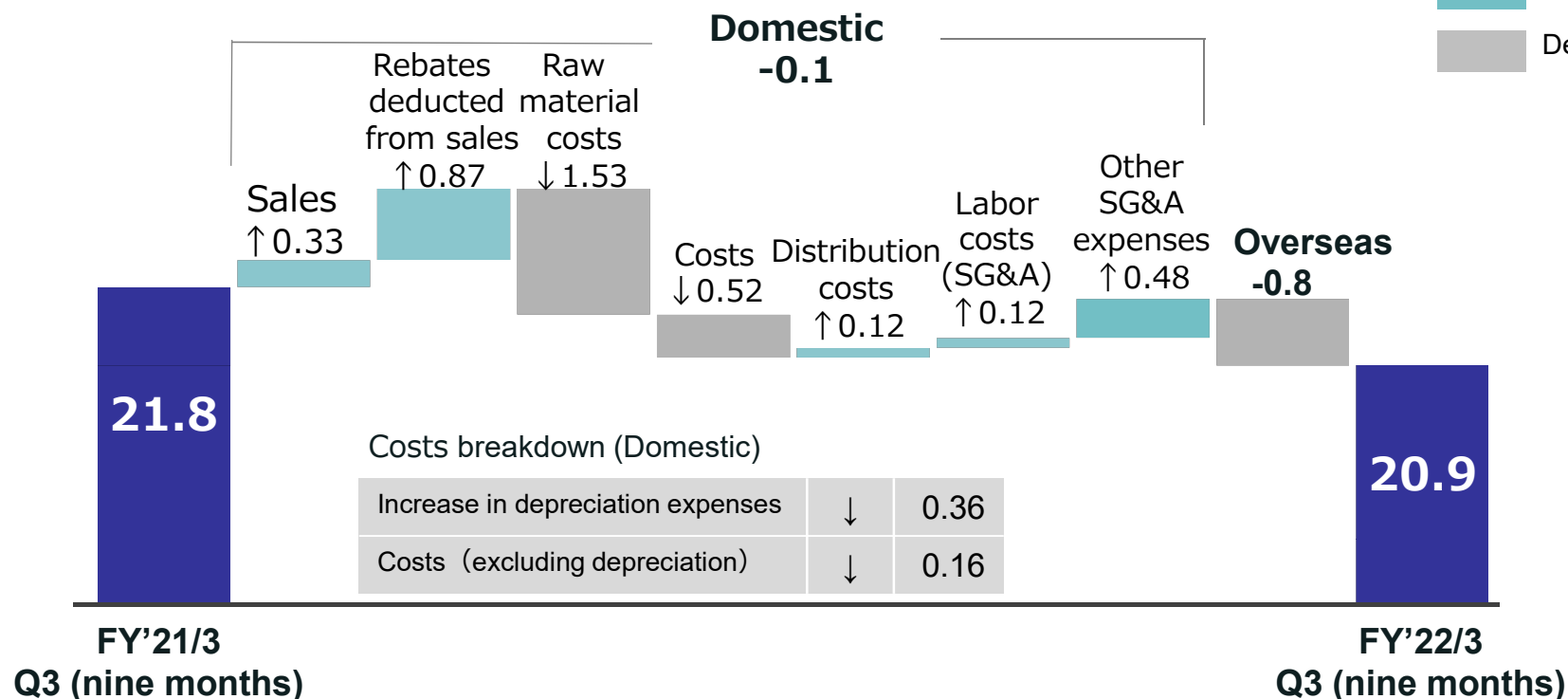
**Profit attributable to owners of parent

FY2022/3 Q3 (nine months): Factors decreasing operating profit

Changes in operating profit (YoY)

(Billion yen)

■ Increase
■ Decrease



Domestic	Rebates deducted from sales:	Reduced <i>Potato Chips</i> selling expenses
	Raw material costs:	Sharp rise in price of cooking oil (-¥1.3bn), higher procurement cost for imported potatoes (-¥0.3bn)
	Costs:	Sharp rise in energy prices (-¥0.3bn), productivity decreased on <i>Potato Chips</i> sales adjustments
	Others:	Reduction of TV commercials
Overseas		Sharp rise in raw material prices (-¥1.0bn)

1. FY2022/3 Review of third quarter results
2. Revised FY2022/3 Full year forecasts

FY2022/3: Revised Forecasts

Summary

Considering the higher-than-expected raw material costs and soaring energy prices, we have downwardly revised our initial forecasts for operating profit by ¥2.5bn, ordinary profit by ¥1.5bn, and net profit by ¥0.5bn

- ◆ Estimated impact of the sharp rise in raw material prices and energy prices for the full year (vs. initial plan): Domestic: -¥2.9bn, Overseas loss: -¥1.4bn
- ◆ Actions for the fourth quarter:
 - Price and contents revisions for snacks in Japan and overseas
 - Reduce manufacturing costs and SG&A expenses

(Billion yen)

	FY2022/3 (Initial Plan)	FY2022/3 (Revised Forecast)	Change (vs Initial Plan)
Gross sales	275.0	276.0	1.0
Net sales	240.0	243.0	3.0
Gross domestic sales	214.6	212.5	-2.1
Net sales	187.3	186.7	-0.6
Gross overseas sales	60.4	63.5	3.1
Net sales	52.7	56.3	3.6
Operating profit	28.0	25.5	-2.5
Operating margin (for gross sales)	10.2%	9.2%	-
Domestic	24.7	23.3	-1.4
Overseas	3.3	2.2	-1.1
Ordinary profit	27.5	26.0	-1.5
Extraordinary income/loss	-0.5	0.0	+0.5
Net profit*	18.0	17.5	-0.5

* Profit attributable to owners of parent

Reference materials

Consolidated profit and loss statement

(Million yen)

	FY2022/3 Q3 (three months)				FY2022/3 Q3 (nine months)			
		Percent of total(%)	Change (YoY)(%)	vs. plan Ratio (%)		Percent of total(%)	Change (YoY)(%)	vs. plan Ratio (%)
Gross sales	73,630	100.0	+4.8	101.3	209,823	100.0	+4.3	101.3
Rebates deducted from sales	8,600	11.7	—	93.7	24,352	11.6	—	95.8
Net sales	65,029	88.3	—	102.4	185,470	88.4	—	102.0
Gross profit	22,710	30.8	—	93.6	64,800	30.9	—	96.8
SG&A	15,127	20.5	—	99.1	43,914	20.9	—	98.4
Selling	2,269	3.1	—	110.2	6,244	3.0	—	99.0
Distribution	5,255	7.1	+6.6	100.9	14,920	7.1	+2.5	100.8
Labor	4,780	6.5	-2.9	93.0	14,557	6.9	+1.1	97.2
Others	2,821	3.8	+5.4	98.7	8,191	3.9	+3.2	95.7
Operating profit	7,583	10.3	-14.1	84.3	20,885	10.0	-4.4	93.7
Ordinary profit	7,996	10.9	-7.6	90.0	21,570	10.3	+0.8	98.4
Extraordinary income/loss	+310	—	—	—	+146	—	—	—
Net profit*	5,523	7.5	-5.2	95.2	14,701	7.0	+4.7	102.8

* Profit attributable to owners of parent

Revised FY2022/3 full year forecasts: Consolidated profit and loss statement

(Million yen)

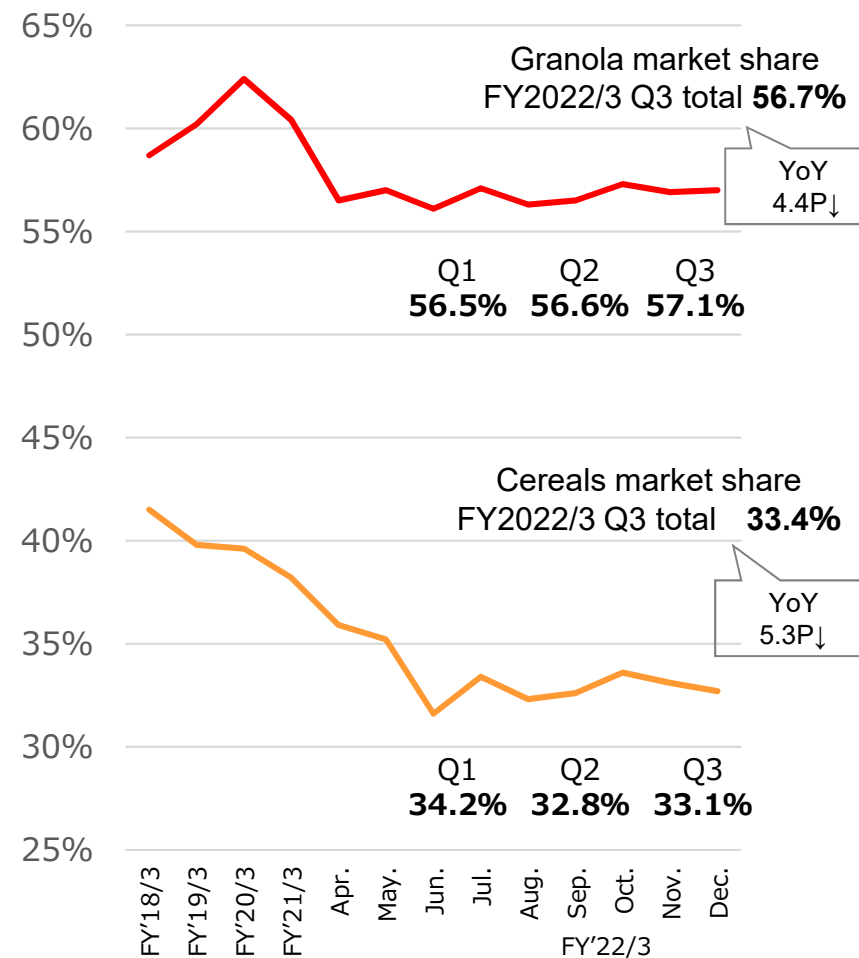
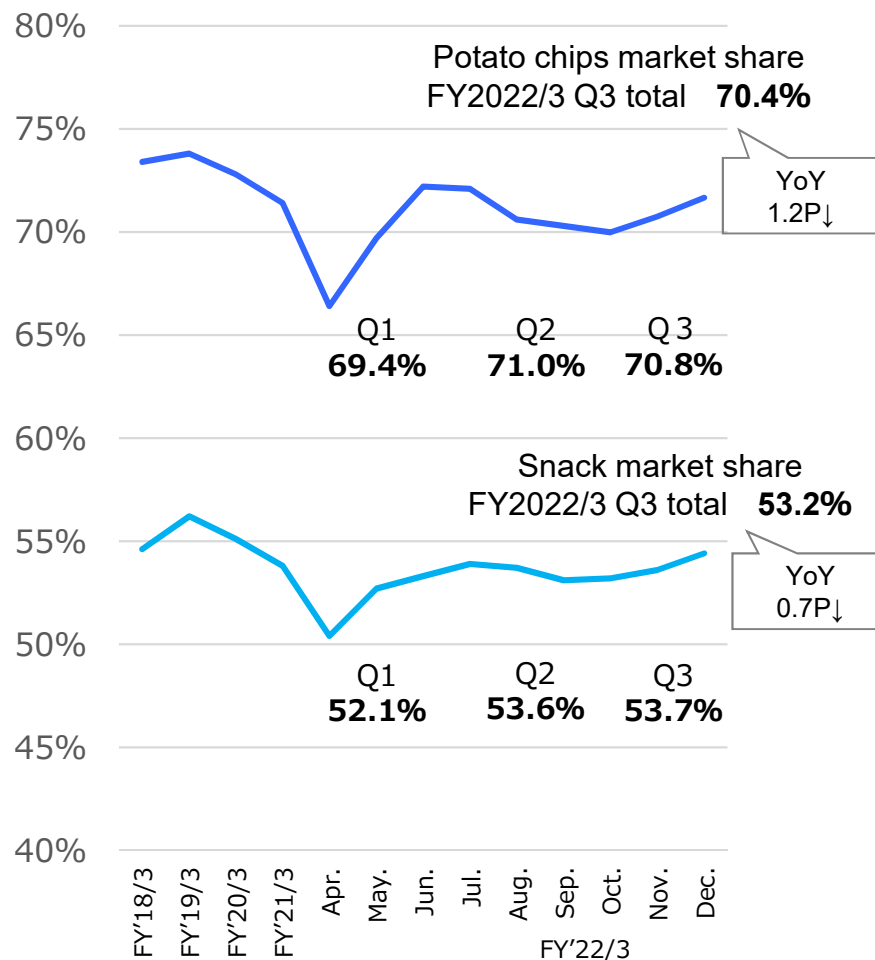
	FY2021/3		FY2022/3 (Initial Plan)	
		Percent of total (%)		Percent of total (%)
Gross sales	266,745	100.0	275,000	100.0
Rebates deducted from sales	-	-	35,000	12.7
Net sales	-	-	240,000	87.3
Gross profit	117,810	44.2	87,800	31.9
SG&A	90,746	34.0	59,800	21.7
Selling	41,566	15.6	8,400	3.1
Distribution	19,247	7.2	19,800	7.2
Labor	19,321	7.2	20,100	7.3
Others	10,610	4.0	11,500	4.2
Operating profit	27,064	10.1	28,000	10.2
Ordinary profit	27,522	10.3	27,500	10.0
Extraordinary income/loss	-1,140	—	-500	—
Net profit*	17,682	6.6	18,000	6.5



FY2022/3 (Revised Forecasts)	
	Percent of total (%)
276,000	100.0
33,000	12.0
243,000	88.0
84,300	30.5
58,800	21.3
8,300	3.0
19,700	7.1
19,700	7.1
11,100	4.0
25,500	9.2
26,000	9.4
0	—
17,500	6.3

* Profit attributable to owners of parent

Domestic 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 Q3 total: April 2021 – December 2021
Comparison period: April 2020 – December 2020
FY'18/3-FY'21/3: April 2017 – December 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

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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, 2022 is referred to throughout this report as "FY2022/3 (FY'22/3)," 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.