



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

1

This is Kikuchi. For the fiscal year ending March 31, 2022, I will first report on the third quarter results and then explain the revision of the full-year plan.

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	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

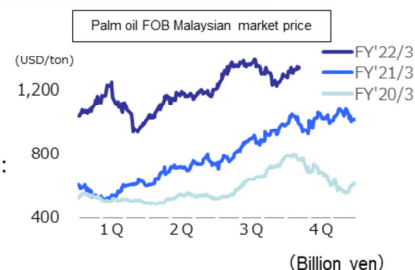
Page 2 is a republication of materials from past financial results briefings, so I will skip the explanation.

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

Copyright © Calbee, Inc. All rights reserved.

3

Please see page 3. I will explain the consolidated performance for three months in the third quarter of the fiscal year ending March 2022.

Gross sales exceeded both the previous year and the plan. On the other hand, operating profit, ordinary profit, and net profit all fell short of the previous year and the plan.

Gross sales increased 4.8% YoY to JPY73.6 billion. Domestic sales declined 0.3% YoY to JPY56.6 billion due to the significant impact of the smaller potato harvest. Overseas sales increased 26.2% YoY to JPY17 billion due to strong sales in all four major regions.

Operating profit decreased by 14.1% YoY to JPY7.6 billion. We failed to cover the sharp rise of raw material prices and energy prices. As a result, domestic operating profit decreased by 12% YoY to JPY7.2 billion and overseas operating profit decreased by 38.9% YoY to JPY400 million.

Net profit decreased by 5.2% YoY to JPY5.5 billion due to the decrease in operating profit, despite the recording of foreign exchange gains.

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%

Copyright © Calbee, Inc. All rights reserved.

4

Please see page 4. I will now explain the results of our domestic business.

Gross sales were impacted by a change in the commercial distribution of cereals to China of JPY600 million. Excluding these factors, gross sales in real terms increased slightly, but overall, it decreased by 0.3% YoY to JPY56.6 billion. In snacks, sales of potato chips decreased, but overall sales were on par with the previous year due to a focus on sales of other snacks.

For cereals for domestic consumers, sales of Calbee cereal were at the same level as the previous year due to growth in competing oatmeal products. On the other hand, overseas export sales decreased due to the change in commercial distribution to our Chinese subsidiary, as I explained earlier. In other businesses, sales increased by JPY400 million due to the expansion of the sweet potato business.

Operating profit declined 12% YoY to JPY7.2 billion, and the operating margin deteriorated by 1.7 percentage points YoY to 12.7%, as we were unable to cover the impact of JPY1.5 billion in soaring raw material and energy costs compared to the previous year.

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



Copyright © Calbee, Inc. All rights reserved.

5

Please see page 5. I would like to explain in a little more detail the situation by product in our domestic business.

As for potato chips and Jagarico, sales of potato chips decreased by JPY1.4 billion due to the smaller potato harvest in Hokkaido. Sales of Jagarico increased by JPY100 million, partly due to growth in sales of products with different flavors.

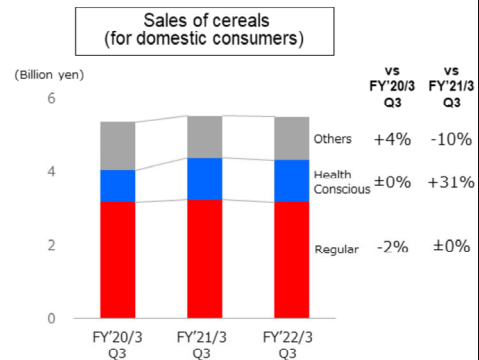
In products with new value and other snacks, sales of *miino*, a bean-based snack, continued to be strong. In addition, new flavors were introduced to high value-added products such as the Zeppin Kappa Ebisen, resulting in an increase in sales. In the area of souvenir products, we strengthened sales to souvenir stores and general channel events, but this did not reach the level of the previous year due to the increase in demand from the GoTo Travel campaign in the previous year, resulting in a decrease in sales.

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

Copyright © Calbee, Inc. All rights reserved.

6

Please see page 6.

Sales of cereals were flat YoY, partly due to growth in competing oatmeal products, despite strong sales of health-promoting Furugura Less Carbohydrates. In Others, the sweet potato business, sales of Benitenshi, an original brand of baked sweet potatoes, increased due to strong sales at wholesalers, company-owned shop and e-commerce.

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%

Copyright © Calbee, Inc. All rights reserved.

7

Please see page 7. I will now explain the results of our domestic business.

Gross sales were JPY17 billion, up 26.2% YoY. Excluding the effect of foreign exchange, sales in local currency terms increased by 15.6%. As in Japan, operating profit decreased by 38.9% YoY to JPY420 million, mainly due to soaring raw material prices.

FY2022/3 Q3: Overseas business (three months)



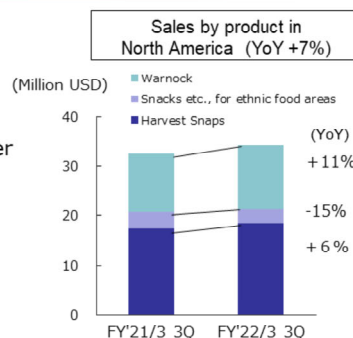
North America

■ 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



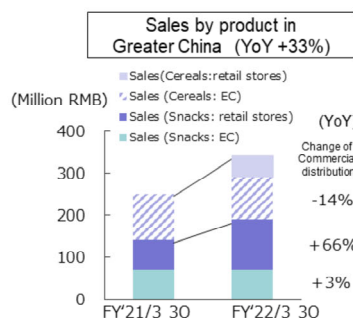
Greater China

■ 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



Copyright © Calbee, Inc. All rights reserved.

8

Please see page 8. Let me explain a few details by region.

Sales in North America, on a local currency basis, increased 7% YoY. Sales of Harvest Snaps increased due to the success in expanding the distribution of small-volume and low-priced products to the dollar store channels. On the other hand, sales of snacks for ethnic sales floor decreased due to the shortage of ocean freight containers. Operating profit decreased by JPY420 million YoY due to the increase in raw material cost ratio and labor cost ratio.

Sales in Greater China increased 33% YoY on a local currency basis. In snack foods, Jagabee and Honey Butter Chip continued to perform well, growing both in e-commerce and retail stores.

Sales of cereal products for EC declined due to a reactionary drop of the demand from staying at home in previous year. Delays in the transfer of commercial distribution to retail stores and real stores that occurred in the first half of the fiscal year were resolved, and sales achieved the plan on three months basis. Operating profit increased by JPY200 million YoY to JPY240 million due to the effect of increased sales.

FY2022/3 Q3: Overseas business (three months)



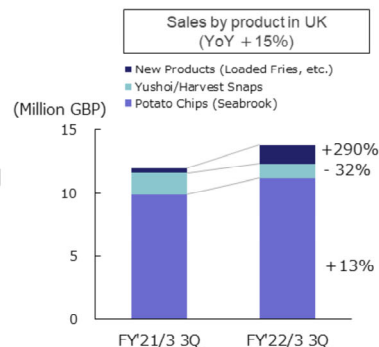
UK

■ 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

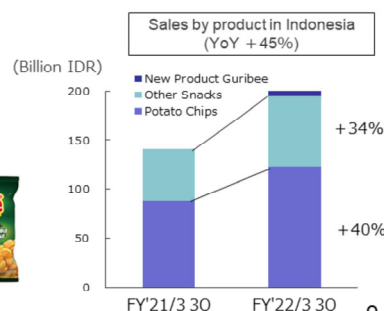
- *Potato Chips* sales grew on proactive promotional spending following a competitor's withdrawal
- Snack sales rose on strong sales of *Krisbee* and firm sales of new-texture product *Guribee*

■ Operating Profit

- Higher sales reduced operating loss



New product Guribee

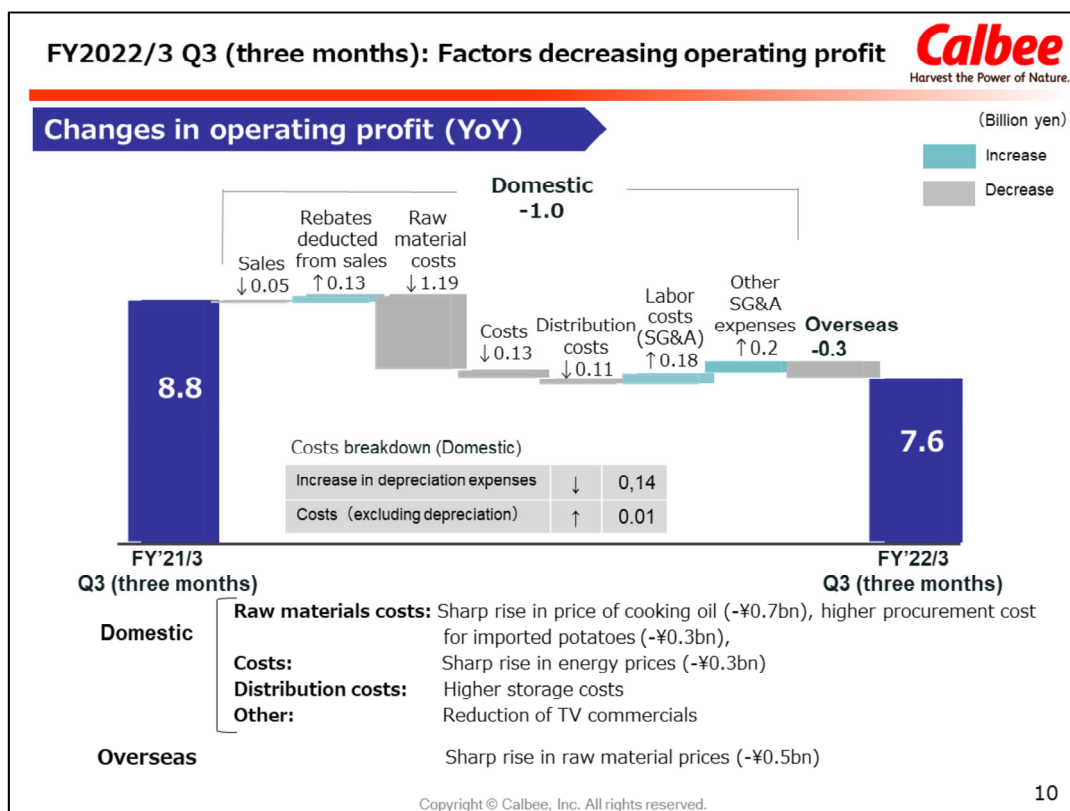


Copyright © Calbee, Inc. All rights reserved.

Please see page 9.

Sales in UK increased by 15% YoY on a local currency basis. Sales of potato chips, the main product, increased due to the expansion of distribution areas. Sales of other snacks increased due to the start of distribution of Seabrook brand Loaded Fries and Loaded Bites products through major distributors. Operating profit decreased by JPY40 million YoY due to the impact of soaring prices of raw materials such as cooking oil and packaging materials.

Sales in Indonesia increased by 45.1% on a local currency basis. Sales of potato chips grew substantially as a result of aggressive promotions following the withdrawal of competitors. Sales of other snacks increased due to strong sales of Krisbee and new texture product Guribee. Operating loss was JPY20 million, narrowed by the effect of increased sales.



Please see page 10.

This is the operating profit analysis for three months. Operating profit decreased by JPY1.2 billion to JPY7.6 billion on a consolidated basis as a whole. In Japan, the impact of soaring prices of raw materials such as cooking oil is approximately JPY1.2 billion. In addition, we were unable to cover the impact of the steep rise in the energy cost, which was approximately JPY300 million, resulting in a decrease of JPY1 billion on net basis.

Overseas, the impact of sharp rise of raw materials was JPY500 million. On net basis, it was a decrease of JPY300 million.

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

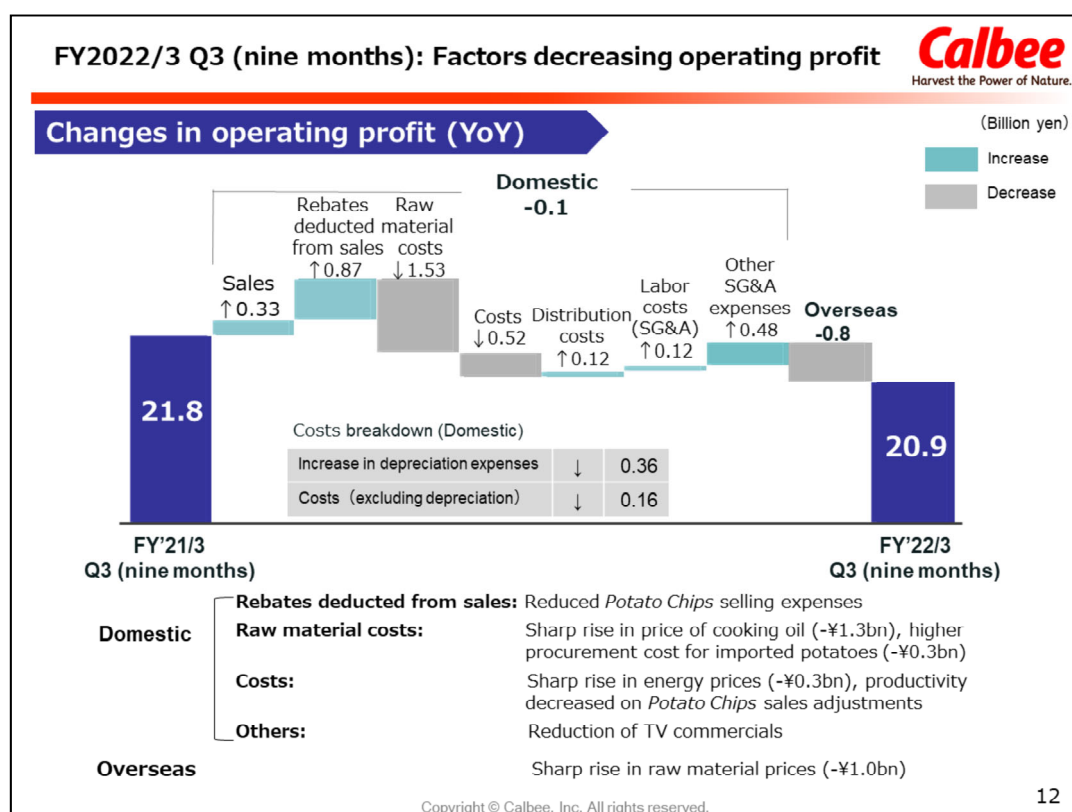
Copyright © Calbee, Inc. All rights reserved.

11

Please see page 11.

This is consolidated results for the first nine months of the fiscal year ending March 2022.

Gross sales exceeded the previous year's plan in both domestic and overseas markets. Operating profit was lower than both the previous year and the plan due to the significant impact of the sharp rise in raw material and energy costs. Net profit exceeded both the previous year and the plan due to the recording of foreign exchange gains.



Please see page 12.

The operating profit analysis shows that the overall consolidated operating profit was JPY20.9 billion, a decrease of JPY900 million YoY, with a breakdown of JPY100 million decline in Japan and JPY800 million decline overseas.

The factors behind the increase/decrease in domestic business are as shown in the graph.

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

Copyright © Calbee, Inc. All rights reserved.

14

Please see page 14. I will explain the revision on the full year forecast.

We have revised our full-year plan in light of the business results up to the third quarter, current business trends, and the market environment.

First, gross sales have been revised upward by JPY1 billion from the initial plan to JPY276 billion, reflecting the decline by the impact of smaller potato harvest and the continued upswing in overseas sales.

Operating profit was revised downward by JPY2.5 billion from the initial plan to JPY25.5 billion for the full year, in light of higher-than-expected raw material and energy costs. As a result, we have revised downward ordinary profit and net profit by JPY1.5 billion and JPY500 million, respectively.

In order to minimize the impact of high prices, our action for the fourth quarter will be to revise the snack standards both in Japan and overseas. In addition, we plan to reduce manufacturing and SG&A expenses.

This concludes my explanation. Thank you very much.

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

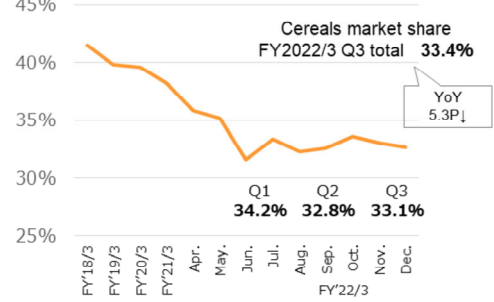
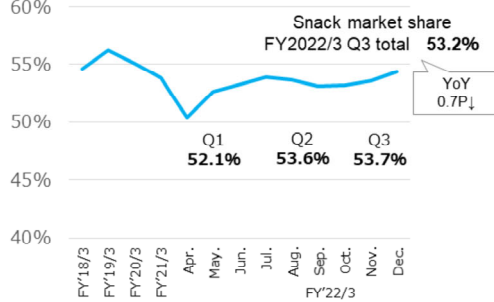
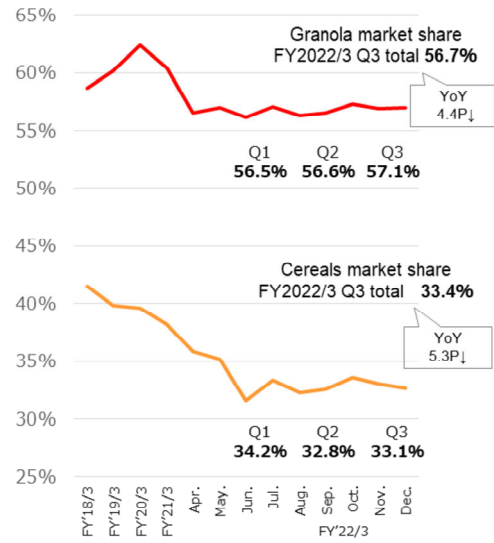
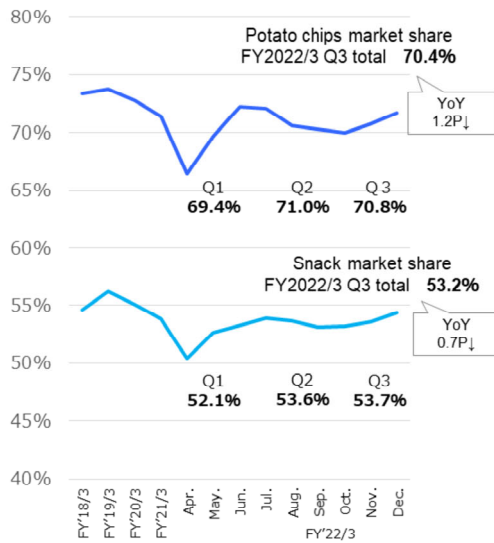


(Million yen)

	FY2021/3		FY2022/3 (Initial Plan)		FY2022/3 (Revised Forecasts)	
		Percent of total (%)		Percent of total (%)		Percent of total (%)
Gross sales	266,745	100.0	275,000	100.0	276,000	100.0
Rebates deducted from sales	-	-	35,000	12.7	33,000	12.0
Net sales	-	-	240,000	87.3	243,000	88.0
Gross profit	117,810	44.2	87,800	31.9	84,300	30.5
SG&A	90,746	34.0	59,800	21.7	58,800	21.3
Selling	41,566	15.6	8,400	3.1	8,300	3.0
Distribution	19,247	7.2	19,800	7.2	19,700	7.1
Labor	19,321	7.2	20,100	7.3	19,700	7.1
Others	10,610	4.0	11,500	4.2	11,100	4.0
Operating profit	27,064	10.1	28,000	10.2	25,500	9.2
Ordinary profit	27,522	10.3	27,500	10.0	26,000	9.4
Extraordinary income/loss	-1,140	-	-500	-	0	-
Net profit*	17,682	6.6	18,000	6.5	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.

FY22/3 Q3 total: April 2021 – December 2021
Comparison period: April 2020 – December 2020
FY18/3-FY21/3: 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

Copyright © Calbee, Inc. All rights reserved.

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 (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.

FY2022/3 Q3 Results Presentation Q&A February 1, 2022

[Addressing higher costs]

Q1: Costs have increased more than anticipated. Will the price/content revisions in January of this year be able to cover cost increases next year and onward?

Costs are increasing rapidly, so we are forecasting that raw material costs are also likely to be higher next year than this year. As for the price/content revisions we implemented in January, the increase in prices is a level that can cover these rising costs if sales volumes return to normal, but actions will be needed to address next year's rising costs. We have begun considering what actions we should take, including the possibility of additional price increases.

Q2: How much were you impacted by cost increases this year, in terms of monetary value?

Cost increases were 3.5 billion yen domestically (2 billion yen for cooking oil, 700 million yen for imported potatoes, 600 million yen for energy prices), and 1.5 billion yen overseas. For imported potatoes, transport costs increased in addition to depreciation of the yen.

[FY2022/3 forecasts]

Q3: Your reductions to selling expenses in the third quarter seem to have been insufficient. What is your outlook on that from next year onward?

Our products sold even without sales promotions last year due to nesting demand, but in the market environment this year we cannot sustain momentum without sales promotions. Next year we must push forward with reductions to cover the rising costs of raw materials, but since there is little room for these reductions, we plan to keep watch over the market environment and exercise control according to the circumstances.

Q4: Why will domestic profit be decreasing in the fourth quarter year-on-year?

The steep rise in raw materials costs had an impact of 1.6 billion yen, and we believe shortages of potatoes will slow down sales.

[Overseas business]

Q5: What is the status of price revisions overseas?

The markets in the US and Europe are more accepting of price revisions, so we have been implementing these starting in January 2022. Asia is highly price-sensitive like Japan, so we are proceeding more cautiously there than we are in the US and Europe and opening up negotiations. Our position is to cover the increases of raw materials prices with price/content revisions in every region.

Q6: Your overseas sales have been good, but can that be sustained?

This is the result of fortunate external factors such as the withdrawal of a competitor in Indonesia and another competitor in the UK running into problems, in addition to depreciation of the yen. Therefore, we do not expect that we can maintain the current growth rate, but we believe demand will remain strong.

Q7: Is your strong performance in Indonesia really due to the withdrawal of a competitor?

Price wars with competitors have largely abated and the market environment there has

improved. In order to capture market share, we had previously been offering products that would sell but have a high cost. Now we are more profit conscious and have a high-profitability product lineup. Capacity utilization has also increased, and cost reduction activities have produced some effects, so it appears that we are on the path to improvement albeit gradually.

[Performance forecasts for next year and onward]

Q8: What are your expectations and forecasts for profits next year and two to three years from now?

We will need to determine whether the current rapid increase in raw materials costs is attributable to the COVID-19 pandemic, or to structural changes in the balances of supply and demand. We cannot currently forecast how raw material prices will change when the pandemic begins to subside. Our planning must be based on raw material price levels that we see at the time.

In addition to passing along raw material costs in the form of higher prices, we are also looking to maximize profit by expanding sales of high added-value products and reducing costs (saving labor, automation, and similar measures at production sites). Our biggest profit driver next year will be higher sales.

END