

Calbee Group Financial Results

First quarter of fiscal year ending March 31, 2021

April 1, 2020 – June 30, 2020

TSE code : 2229

Calbee, Inc.

2020.7.30

FY2021/3 Q1: Results highlights

Summary vs. last fiscal year

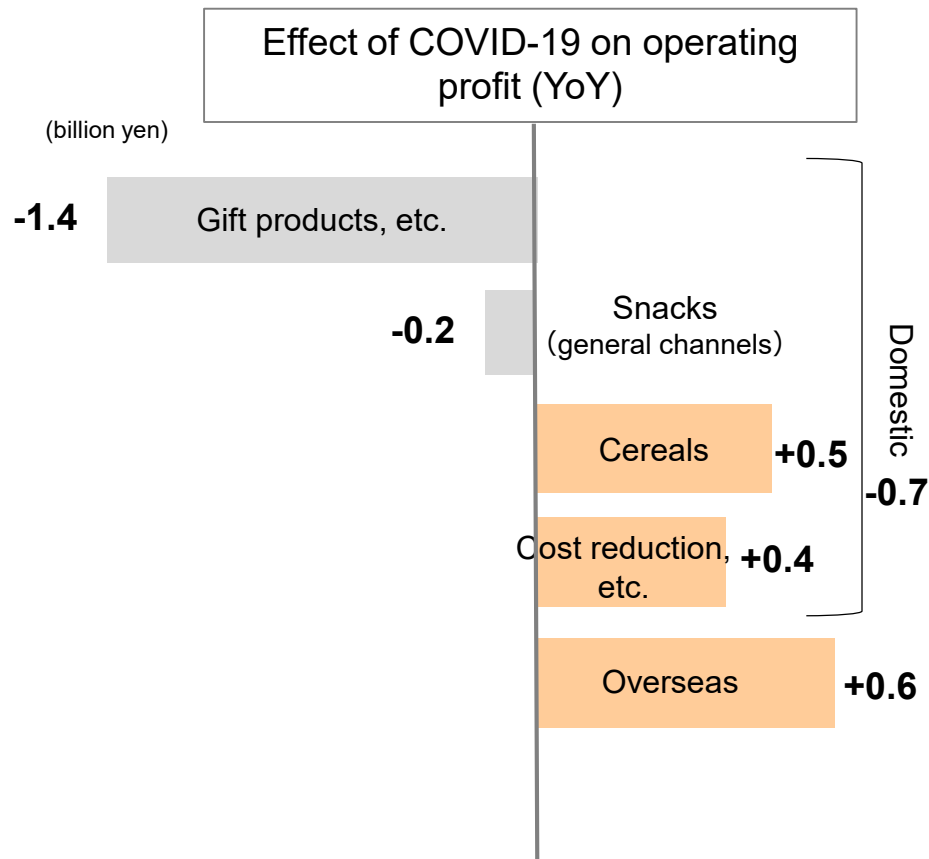
- **Sales:** (Domestic) Lower for domestic existing business* due to impact of gift snack items
(Overseas) Growth in Greater China e-commerce sales and Warnock in North America contributed to higher sales
- **Operating profit:** (Domestic) Decreased on lower sales of highly profitable gift snack items
(Overseas) Rose on effect of higher sales, etc.
- **Extraordinary losses:** Recorded extraordinary losses of ¥0.2bn for disposal related costs of gift products and expenses for company-owned shops during temporary closures, etc. caused by the spread of COVID-19.

*Domestic existing business: Domestic business excluding Potato Kaitsuka

	FY2020/3 Q1		FY2021/3 Q1		Change
	(billion yen)	Ratio to net sales(%)	(billion yen)	Ratio to net sales(%)	
Net sales	61.9	100.0	64.4	100.0	+4.0
Domestic (Domestic existing business)	51.5 (51.5)	83.2 -	51.5 (50.1)	79.9 -	-0.1 (-2.8)
Overseas	10.4	16.8	12.9	20.1	+24.0
Operating profit	6.5	10.4	6.6	10.2	+1.6
Domestic	6.1	-	5.6	-	-8.7
Overseas	0.3	-	0.9	-	+202.5
Ordinary profit	6.1	9.8	6.4	10.0	+5.7
Extraordinary income/loss	-0.0	-	-0.1	-	-
Net profit	4.2	6.9	4.1	6.3	-4.6

Impact of COVID-19 in FY2021/3 Q1

Significant negative effect from lower demand for highly profitable gift products despite positive effects from domestic cereals, higher demand in overseas business and having controlled domestic and overseas costs



<Domestic>

- (-) Decreases in sales of gift snack items such as *Jaga Pokkuru* and at company-owned shops
- (-) Due to nesting demand domestic snacks demand focused on low price, large size, etc.; adjusted supplies
- (+) Strong demand for cereals continued from Q4 of the previous fiscal year
- (+) Controlled costs and implemented recovery measures (sold gift snack items via e-commerce, etc.)

<Overseas>

- (+) Growth in Greater China e-commerce sales
- (+) Selling costs were controlled in Indonesia although sales decreased on shortage of imported raw material supplies

FY2021/3 Q1: Results highlights

Summary vs. plan

- **Sales** Didn't achieve plan on effects of supply adjustments of domestic snacks for general channels, despite the sales decline of gift snack items was as expected
- **Operating profit** Exceeded plan on contribution from overseas business (growth of Greater China e-commerce, controlled promotional expenses in Indonesia, etc.)

(billion yen)

	FY'21/3 Target Full year <small>※Including the Impact of COVID-19</small>	FY'21/3 Q1 Target	FY'21/3 Q1 Results	vs. plan Change	vs. plan Ratio
Net sales	270.0	65.7	64.4	-1.3	98.0%
Domestic	216.6	52.9	51.5	-1.4	
Overseas	53.4	12.8	12.9	+0.1	
Operating profit	24.5	6.0	6.6	+0.6	109.2%
Domestic	23.7	5.8	5.6	-0.2	
Overseas	0.8	0.2	0.9	+0.8	

FY2021/3 Q1: Domestic business

(billion yen)

	FY2021/3 Q1		
		Change (YoY)	
Domestic net sales	51.5	-0.03	-0.1%
Snacks	41.3	-3.29	-7.4%
<i>Potato Chips</i>	19.5	-0.66	-3.3%
<i>Jagarico</i>	7.9	-1.46	-15.7%
<i>Jaga Pokkuru</i>	0.2	-1.20	-84.5%
Other snacks than that above	13.8	+0.03	+0.2%
Cereals	8.0	+1.76	+28.4%
(of which overseas consumption)	(0.8)	(+0.45)	(+152.8%)
Other domestic foods (Sweet potatoes, Potatoes) *Including Potato Kaitsuka	1.8	+1.53	+535.9%
Domestic operating profit (Operating margin)	5.6 (10.9%)	-0.53	-8.7% (-1.0pts)

Snacks

Shift in demand to products for household consumption, low-priced snacks and large size

Potato Chips: Difficult to meet sharp shifts in consumer trends after the spread of COVID-19, implemented temporary supply adjustments (suspended sales)

Jagarico: Sales were weak on lower demand from going out, offices, etc.

Other snacks: Strong sales of snacks such as Sapporo Potato and popcorn

Jaga Pokkuru, etc.

Sales of gift snack items fell significantly, due to decline in inbound/domestic tourists, etc.

- Gift snack items -¥2.5bn YoY

Cereals

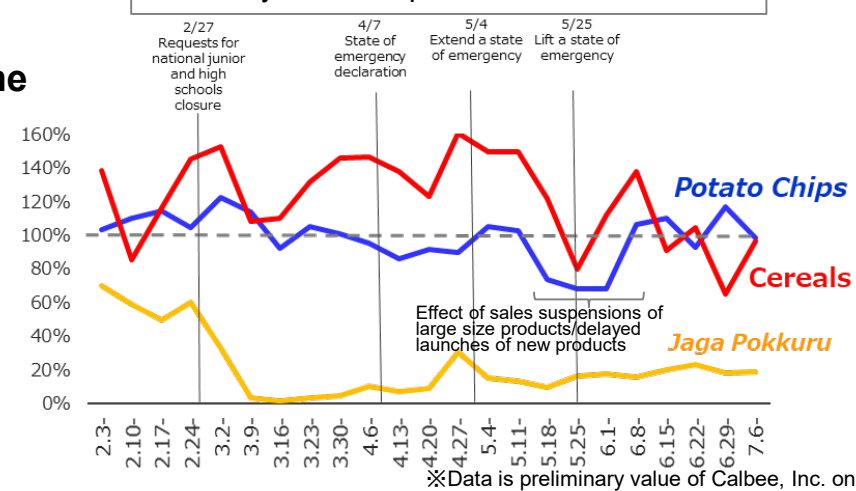
Continued strong sales, primarily for regular products, on nesting demand

- *Frugra* regular product (+¥0.4bn YoY),
Frugra Less Carbohydrates (+¥0.3bn YoY)
- In response to shortages of imported raw material coconuts, launched *Frugra Simple Taste* as substitute for regular products
- Weak start for new portable cereal product *Calbits Frugra* despite nationwide launch of sales

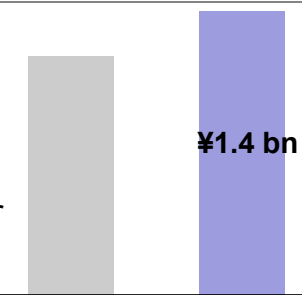
Potato Kaitsuka

Strong wholesaling of “sticky” sweet potatoes with high sugar content, suitable for baked sweet potatoes, *Beni-tenshi* (Kaitsuka’s original brand)

Sales by domestic products (Week / YoY)



Potato Kaitsuka net sales



※New consolidation at this fiscal year

FY2021/3 Q1: Overseas business



Harvest the Power of Nature.

(billion yen)

<Business results by region>	FY2021/3 Q1			
		Change (YoY)		Change ex. forex in %
Overseas net sales	12.9	+2.50	+24.0%	+29.5
North America	3.5	+1.27	+56.3%	+59.6
Greater China	4.0	+1.24	+44.4%	+49.8
United Kingdom	1.6	+0.13	+9.2%	+15.8
Indonesia	0.9	-0.34	-28.7%	-22.7
Other regions	2.9	+0.20	+7.3%	+14.2
Overseas operating profit (Operating margin)	0.95 (7.3%)	+0.64	+202.5% (+4.3pts)	—
North America	0.11	+0.13	—	—
Greater China	0.48	+0.31	—	—
United Kingdom	0.02	+0.01	—	—
Indonesia	-0.06	+0.08	—	—
Other regions	0.40	+0.11	—	—
<Net sales by product>				
Snacks	11.0	+2.03	+22.7%	—
Cereals overseas real consumption (of which, overseas consumption included in domestic sales)	2.7 (0.8)	+0.93	+52.0%	—

FY2021/3 Q1: Overseas business

North America

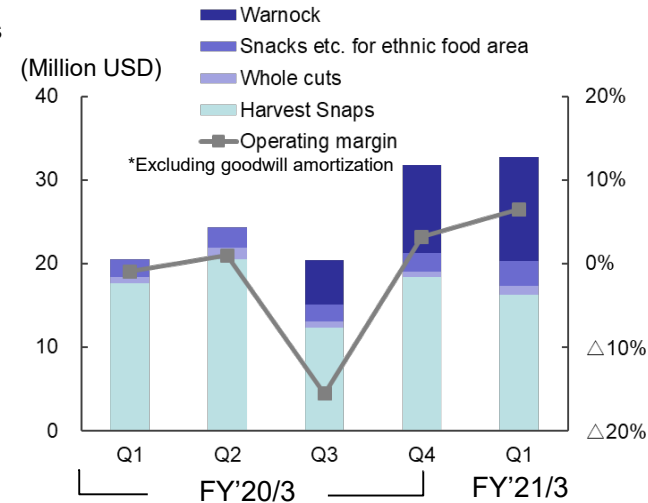
■ Sales

- Strong orders for Warnock store brands (PBs) *Local currency basis
- Decreased in existing businesses (Calbee North America) (-1.2%* YoY)
 - *Harvest Snaps* sales fell on reduced sales promotions
 - Sales for ethnic foods area rose such as potato chips, *Kappa Ebisen*, *Jagarico* and *Frugra*

■ Operating profit

Rose due to Warnock contribution and controlling promotion costs

North America net sales and operating margin



Greater China

■ Sales

(Cereals)

- Strong e-commerce sales, and conducted sales promotion during big 6.18 e-commerce event
- Sales rose at Chinese retail stores

(Snacks)

- Expanded *Jaga Pokkuru* etc., sales through e-commerce

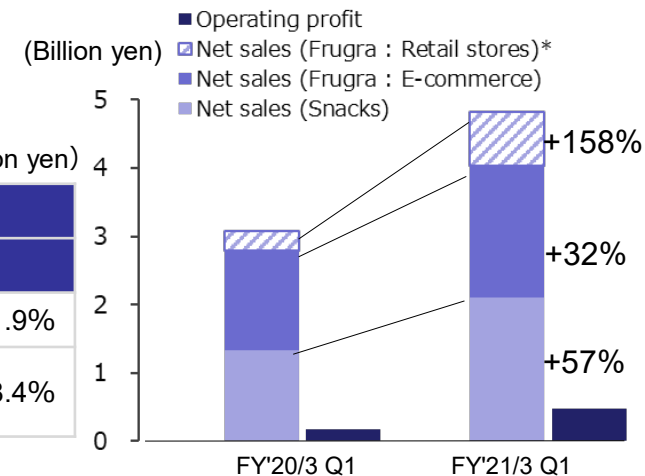
■ Operating profit

Profit rose on expanded sales in e-commerce

Greater China cereals sales by channels (billion yen)

	FY2021/3 Q1		
		YoY	
EC	1.9	+0.47	+31.9%
Retail stores*	0.8	+0.46	+158.4%

Greater China results



*Retail sales are recorded under domestic sales 7

FY2021/3 Q1: Overseas business

UK

■ Sales

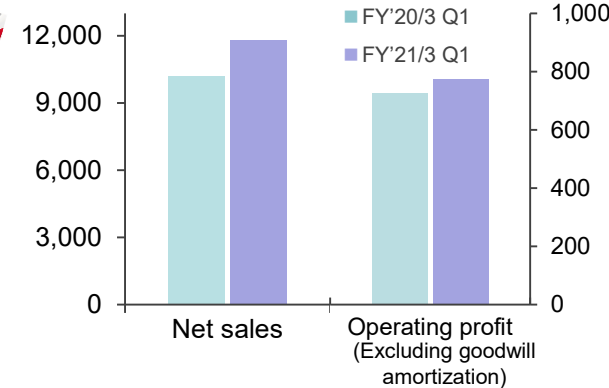
Strong sales of Seabrook brand potato chips regular products especially multi-packs

■ Operating Profit

Only rose 7% on worsened costs ratio from multi-packs comprising a higher proportion of sales



(Thousand GBP)



Indonesia

■ Sales

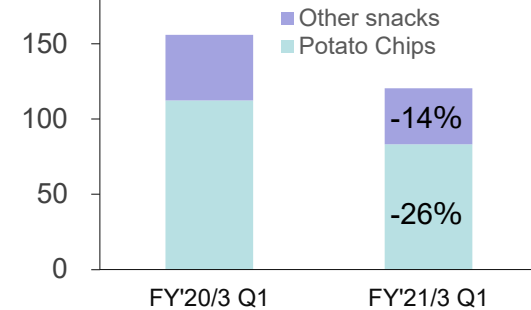
Potato Chips production volume fell due to the delay in potato supply imports affected by COVID-19, resolved in June, and sales recovered

■ Operating profit

Rose on lower promotional expenses

(Billion IDR)

Indonesia sales by products



Other region

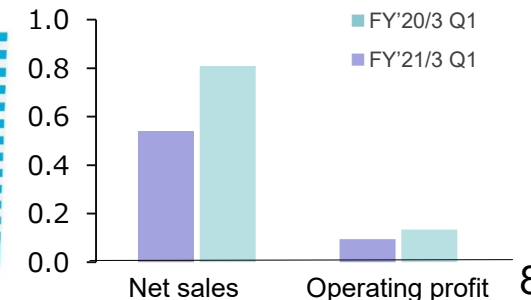
Australia Sales ¥0.8bn (+49% YoY) Operating profit ¥0.1bn

- Expanded *Harvest Snaps* sales in New Zealand
- Strong sales of *Jagabee (Golden Chipees)*



(Billion yen)

Australia business results



FY2021/3 Q1: Factors increasing operating profit

Change in operating profit (YoY)

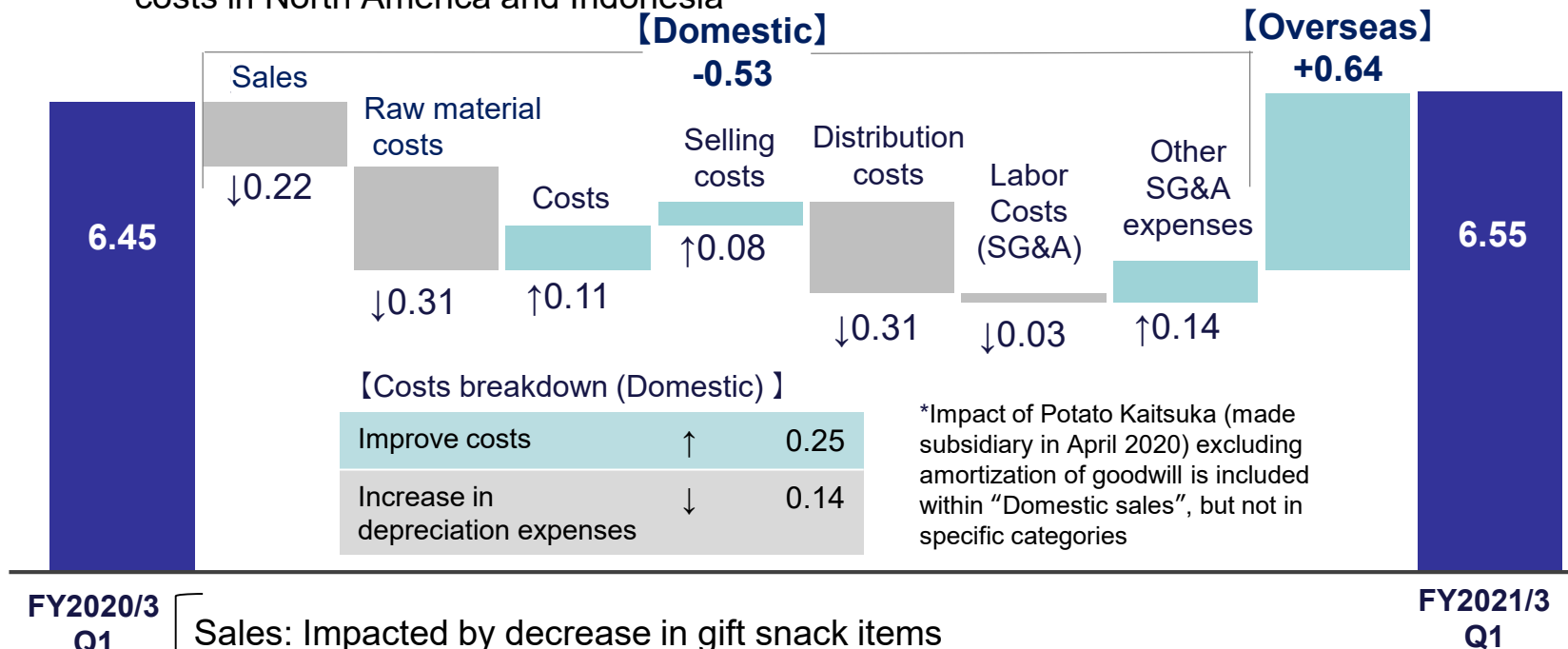
(billion yen)

Increase

Decrease

Domestic -¥0.5bn : -¥0.7bn on effects of COVID-19

Overseas +¥0.6bn : Rose on effect of higher sales in Greater China e-commerce, and controlled promotion costs in North America and Indonesia



【Domestic】

- Sales: Impacted by decrease in gift snack items
- Raw material costs: Lower quality of potatoes
- Costs: Improved due to effect of price hikes despite decreased productivity for snacks including gift snack items
- Selling costs: Lower sales promotional and advertising expenses
- Distribution costs: Higher distribution costs and worsened loading efficiency on lower sales of domestic snacks etc.
- Labor costs (SG&A): Flat YoY on effect of returns of bonuses
- Other SG&A expenses: Controlled costs for travel, commuting, etc.

Reference material

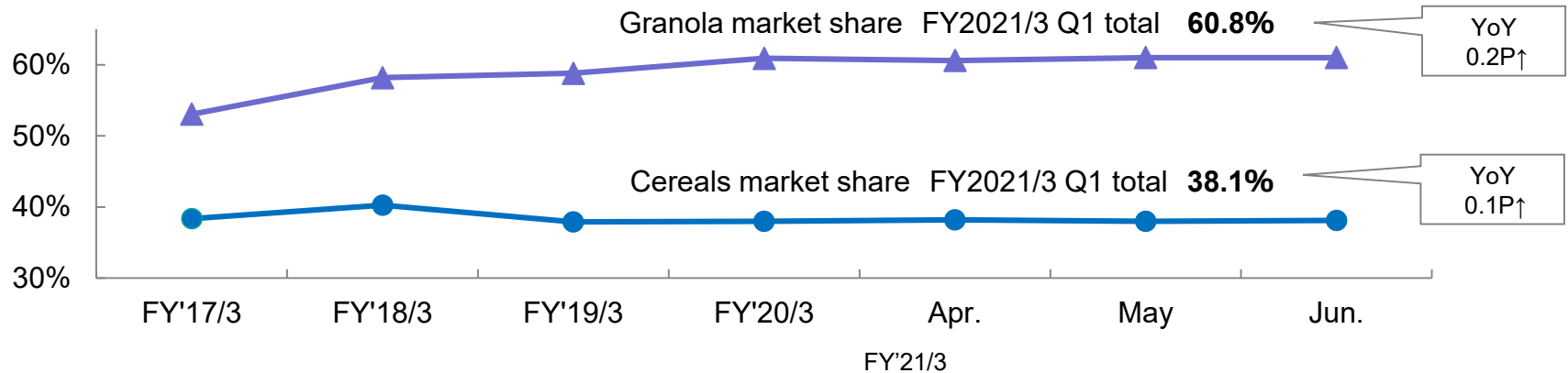
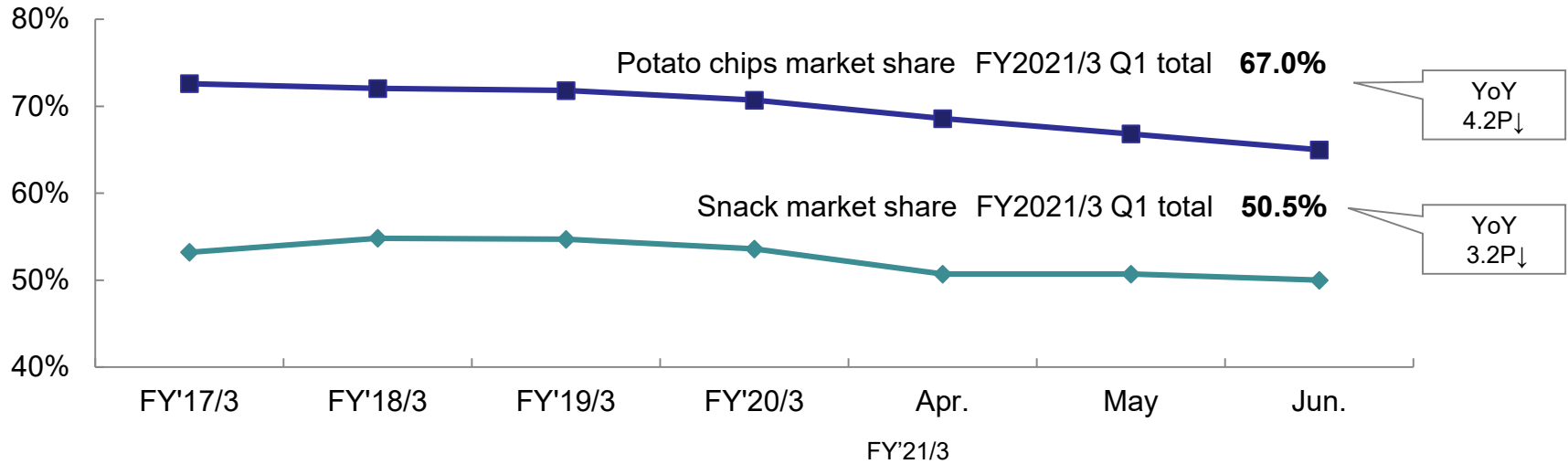
Consolidated profit and loss statement

(Million yen)

	FY2020/3 Q1				FY2021/3 full year forecasts *announced on May 14, 2020		
		Percent of total (%)	YoY (%)	vs. plan (%)		Percent of total (%)	YoY (%)
Net sales	64,385	100.0	+4.0	98.1	270,000	100.0	+5.5
Gross profit	28,260	43.9	+2.3	99.2	119,400	44.2	+3.7
SG&A	21,707	33.7	+2.5	96.5	94,900	35.1	+8.6
Selling	9,582	14.9	-1.7	94.0	43,400	16.1	+6.3
Distribution	4,876	7.6	+7.5	101.8	19,800	7.3	+7.4
Labor	4,551	7.1	+4.8	98.3	19,700	7.3	+9.8
Others	2,697	4.2	+5.9	93.3	12,000	4.4	+17.4
Operating profit	6,552	10.2	+1.6	109.2	24,500	9.1	-11.4
Ordinary profit	6,415	10.0	+5.7	109.1	24,000	8.9	-12.4
Extraordinary income/loss	-129	-	-	-	-500	-	-
Net profit*	4,050	6.3	-4.6	106.6	15,700	5.8	-10.5

*Profit attributable to owners of parent

■ Market share*



*Source: Intage SRI based on sales (nationwide, all retail formats)
 FY'21/3 Q1 total :April 2020 – June 2020
 Comparison period: April 2019 - June 2019
 FY'17/3-FY'21/3: April 2016 – June 2020

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

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<https://www.calbee.co.jp/en/ir/>

- The Company's fiscal year ends on March 31. The fiscal year ended March 31, 2021 is referred to throughout this report as "FY2021/3," 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.
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