

## **Calbee Group Financial Results**

**Third quarter of fiscal year ending March 31, 2021**

April 1, 2020 – December 31, 2020

TSE code : 2229

**Calbee, Inc.**

2021.1.28

## FY2021/3 Q3: Results highlights



### Summary vs. last fiscal year (3 months)

- **Sales:** (Domestic) Decrease in existing business excluding Potato Kaitsuka on lower sales of gift snack items  
(Overseas) Increases in all four key regions
- **Operating profit:** Continued to rise on effect higher sales and cost reduction in overseas business

|  | FY2021/3 Q3<br>(3 months) |                        | Change<br>(YoY) | FY2021/3 Q3<br>(9 months) |                        | Change<br>(YoY) |
|--|---------------------------|------------------------|-----------------|---------------------------|------------------------|-----------------|
|  | (billion yen)             | Ratio to net sales (%) | (%)             | (billion yen)             | Ratio to net sales (%) | (%)             |
| <b>Net sales</b>                                 | <b>70.3</b>               | 100.0                  | +5.1            | <b>201.2</b>              | 100.0                  | +4.7            |
| Domestic<br>(Domestic existing business)         | 56.8<br>(54.7)            | 80.8                   | +2.1<br>(-1.7)  | 161.0<br>(156.2)          | 80.0                   | +1.5<br>(-1.6)  |
| Overseas   | 13.5                      | 19.2                   | +19.8           | 40.2                      | 20.0                   | +20.3           |
| <b>Operating profit</b>                          | <b>8.8</b>                | 12.6                   | +2.4            | <b>21.8</b>               | 10.9                   | -0.2            |
| Domestic   | 8.1                       | 14.3                   | -4.5            | 19.5                      | 12.1                   | -7.6            |
| Overseas   | 0.7                       | 5.1                    | +600.6          | 2.3                       | 5.8                    | +206.7          |
| <b>Ordinary profit</b>                           | <b>8.7</b>                | 12.3                   | -3.3            | <b>21.4</b>               | 10.6                   | -1.7            |
| Extraordinary income/loss                        | -0.1                      |                        | -               | -0.2                      |                        | -               |
| Profit attributable to non-controlling interests | -0.1                      |                        | -               | -0.5                      |                        | -               |
| <b>Net profit*</b>                               | <b>5.8</b>                | 8.3                    | -0.6            | <b>14.0</b>               | 7.0                    | -4.3            |

\*Profit attributable to owners of parent

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First, please see slide one. These are the third quarter consolidated results.

Net sales increased by 5.1% YoY to JPY70.3 billion, mainly due to the expansion of overseas business.

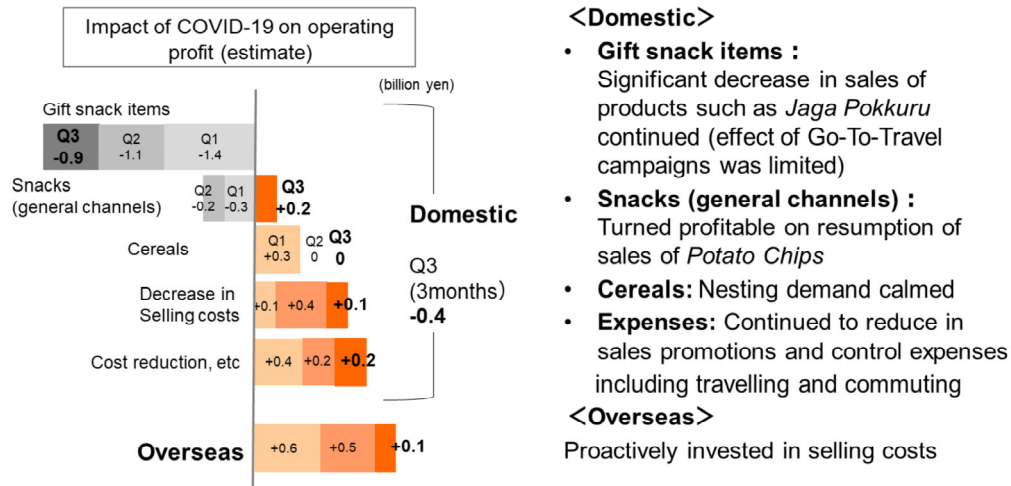
Overseas sales are expected to increase in all four key regions with growth mainly in North America and Greater China.

Domestic sales continued to decline due to a significant decrease in sales of gift snack items, etc., and sales decreased on an existing business basis, excluding the acquired Potato Kaitsuka.

Operating profit increased by 2.4% YoY to JPY8.8 billion. Although domestic operating profit decreased due to a decrease in demand for gift snack items, overall consolidated operating profit increased by JPY200 million due to the effect of increased sales overseas and cost reductions.

On a 9-month basis, net sales increased by 4.7% YoY to JPY201.2 billion, and operating profit decreased by 0.2% to JPY21.8 billion.

## Impact of COVID-19 in FY2021/3 Q3



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Please see slide two. This slide shows the impact of the new coronavirus on operating profit on an estimated basis, as used in the previous quarter.

In the third quarter, domestic gift snack items continued to be negatively impacted.

The bar graph at the top shows that the negative impact continues.

On the other hand, second, general channel snacks performed well, and there were positive effects from lower selling expenses and cost containment, and as a result, the domestic business only had limited negative impact of approximately JPY400 million on a three-month basis.

As for changes from the first half of the year, in the general channel snacks business, sales of potato chips were suspended in the first half of the year, but after the resumption of sales, sales increased, and the operating profit effect turned positive. On the other hand, for cereals, staying home demand is settling down.

Overseas, the positive impact continues, but the three months of the third quarter, the positive impact was limited to JPY100 million for the three months due to the aggressive investment in selling expenses.

## FY2021/3 Q3: Results highlights



### Summary vs. revised plan (as of the Q2)

*Potato Chips* were strong domestically, and both net sales and operating profit exceeded the revised plan

(Billion yen)

|                         | FY'21/3<br>Target<br>Full year<br>(Revised<br>plan*) | FY'21/3 Q3<br>Revised plan<br>based Target<br>(3 months) | FY'21/3 Q3<br>Results<br>(3 months) | vs.revised plan<br>Change(YoY) | vs.revised plan<br>Ratio |
|-------------------------|--|--|-------------------------------------|--------------------------------|--------------------------|
| <b>Net sales</b>        | 265.0  | 69.1   | <b>70.3</b>                         | +1.2                           | 101.7%                   |
| Domestic                | 211.1  | 55.1   | 56.8                                | +1.7                           |                          |
| Overseas                | 53.9   | 14.0   | 13.5                                | -0.5                           |                          |
| <b>Operating profit</b> | 26.5   | 7.7  | <b>8.8</b>                          | +1.2                           | 115.0%                   |
| Domestic                | 23.9   | 7.2  | 8.1                                 | +1.0                           |                          |
| Overseas                | 2.6  | 0.5  | 0.7                                 | +0.2                           |                          |

\* Revised plan as of Q2 of FY 2021/3

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Please see slide three. We revised the full-year plan at the time of the second quarter results, so I will explain the difference in performance compared to the revised plan.

Net sales increased by JPY1.2 billion from the plan. Domestic sales of potato chips were much higher than expected, adding JPY1.7 billion to the plan, and this was the driver.

Overseas sales were forecast to be JPY500 million below the plan, but this was JPY200 million below the plan due to a decrease in manufacturing costs in North America and other factors.

## FY2021/3 Q3: Domestic business

**Calbee**  
Harvest the Power of Nature.

(Billion yen)

|  |   | FY2021/3 Q3    |             |                    | FY2021/3 Q3     |             |                    |
|--|---|----------------|-------------|--------------------|-----------------|-------------|--------------------|
|  |   | (3months)      | Change(YoY) |                    | (9months)       | Change(YoY) |                    |
| Domestic net sales   |   | 56.8           | +1.2        | +2.1%              | 161.0           | +2.3        | +1.5%              |
| Snacks   |   | 47.2           | -1.1        | -2.4%              | 132.0           | -5.6        | -4.0%              |
| By products  | Potato Chips  | 24.4           | +1.1        | +4.6%              | 65.4            | +1.7        | +2.7%              |
|  | Jagarico  | 9.0            | -0.5        | -5.4%              | 25.6            | -2.5        | -9.0%              |
|  | Jaga Pokkuru  | 0.6            | -0.8        | -57.1%             | 1.3             | -3.1        | -70.4%             |
|  | Other snacks than that above                          | 13.3           | -0.9        | -6.2%              | 39.8            | -1.7        | -4.1%              |
| By channels  | Snacks (general channels)                             | 45.6           | +0.5        | +1.2%              | 128.6           | +0.9        | +0.7%              |
|  | Gift snack items                                      | 1.6            | -1.7        | -50.5%             | 3.4             | -6.5        | -65.5%             |
| Cereals  |   | 6.3            | +0.3        | +4.7%              | 21.6            | +3.0        | +16.1%             |
|  | (for domestic consumption)                            | 5.5            | +0.2        | +3.1%              | 19.3            | +2.1        | +12.2%             |
|  | (for overseas consumption included in domestic sales) | 0.8            | +0.1        | +17.3%             | 2.3             | +0.9        | +65.0%             |
| Other domestic foods<br>(Sweet potatoes, Potatoes)<br>*Including Potato Kaitsuka |   | 2.6            | +2.1        | +482.1%            | 6.2             | +5.1        | +486.1%            |
| Domestic operating profit<br>(Operating margin)                                  |   | 8.1<br>(14.3%) | -0.4        | -4.5%<br>(-1.0pts) | 19.5<br>(12.1%) | -1.6        | -7.6%<br>(-1.2pts) |

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Please see slide four. I will now explain the results of our Domestic Business.

Domestic net sales for the three months increased by 2.1% to JPY56.8 billion. Although sales of snacks decreased as you can see the numbers by channel, sales in the general channel increased while the significant impact of the decrease was seen in sales of gift snack items.

Sales of cereals continued to increase and, in addition, Potato Kaitsuka, which became a subsidiary this fiscal year, contributed significantly to the increase in sales.

Operating profit for the three months in Domestic was down 4.5% to JPY8.1 billion.

The operating margin deteriorated by 1.0 percentage point to 14.3%.

## FY2021/3 Q3: Domestic business



### Q3 (3 months)

#### Snacks

##### ■ Potato Chips

- Increased supplies through increasing the number of production shift, incorporated nesting demand
- Sales were driven by large bag products and *Kata-Age Potato*

##### ■ Jagarico

Weak sales continued due to lower demand for going out/from offices

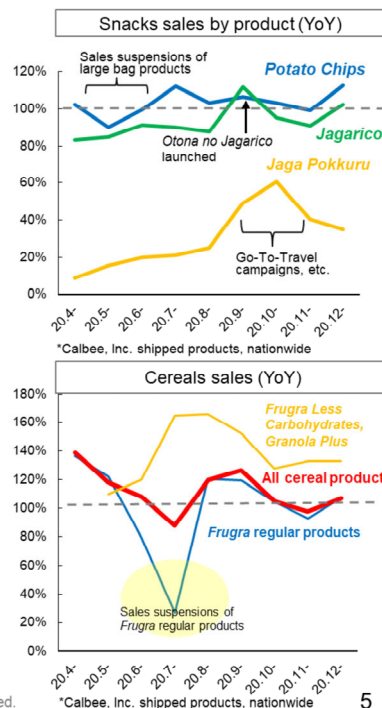
##### ■ Jaga pokkuru

Sales fell again from Nov. on rise in COVID-19 cases despite temporary recovery in Oct. due to Go-To-Travel campaigns, sales activities at exhibition of products, etc.

#### Cereals

##### ■ Regular product *Frugra* was steady YoY

- Strong sales continued for cereals with appeal in terms of health and nutrition such as *Frugra Less Carbohydrates* and *Granola Plus 'Protein-in'*



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Please see slide five. I will explain the status of our domestic business by category.

First, in *potato chips*, we increased the supply of large bags of potato chips and “*Kataage Potato*” by increasing the production shift to meet the high demand for these products for home consumption.

On the other hand, sales of “*Jagarico*,” which is mainly consumed on the go or at the office, continued to be weak.

“*Jaga pokkuru*” showed a temporary recovery trend in October as a result of the effects of the GoTo Travel Campaign and aggressive sales through Hokkaido product exhibitions and other events throughout Japan, but from November, it began to decline again due to the spread of coronavirus infection.

For cereals, staying home demand has settled down since the third quarter, and sales have remained at a slightly higher level than the same period last year.

Sales of “*Frugra*,” regular product, were flat YoY. On the other hand, “*Frugra Less Carbohydrates*” and “*Granola Plus 'Protein-in'*,” which appeal to health and functionality, performed well.

## FY2021/3 Q3 : Overseas business



(Billion yen)

| <Business results by region>                            | FY2021/3 Q3            |              |                              |                       | FY2021/3 Q3            |              |                              |                       |
|---|------------------------|--------------|------------------------------|-----------------------|------------------------|--------------|------------------------------|-----------------------|
|   | (3months)              | Change(YoY)  |                              | Change ex. forex in % | (9months)              | Change(YoY)  |                              | Change ex. forex in % |
| <b>Overseas net sales</b>                               | <b>13.5</b>            | <b>+2.2</b>  | <b>+19.8%</b>                | <b>+23.0%</b>         | <b>40.2</b>            | <b>+6.8</b>  | <b>+20.3%</b>                | <b>+23.7%</b>         |
| North America   | 3.4                    | +1.2         | +51.9%                       | +59.5%                | 10.9                   | +3.7         | +52.7%                       | +57.3%                |
| Greater China   | 3.9                    | +0.3         | +9.6%                        | +10.3%                | 11.8                   | +2.1         | +21.6%                       | +23.7%                |
| United Kingdom  | 1.6                    | +0.1         | +4.6%                        | +7.4%                 | 4.9                    | +0.4         | +8.0%                        | +9.9%                 |
| Indonesia   | 1.0                    | +0.1         | +8.9%                        | +13.4%                | 3.0                    | -0.4         | -12.3%                       | -6.2%                 |
| Other regions   | 3.6                    | +0.6         | +19.6%                       | +22.2%                | 9.7                    | +1.0         | +11.4%                       | +15.0%                |
| <b>Overseas operating profit<br/>(Operating margin)</b> | <b>0.68<br/>(5.1%)</b> | <b>+0.59</b> | <b>+600.6%<br/>(+4.2pts)</b> | <b>—</b>              | <b>2.33<br/>(5.8%)</b> | <b>+1.57</b> | <b>+206.7%<br/>(+3.5pts)</b> | <b>—</b>              |
| North America   | 0.30                   | +0.71        | —                            | —                     | 0.69                   | +1.10        | —                            | —                     |
| Greater China   | 0.04                   | -0.28        | -87.1%                       | —                     | 0.69                   | -0.05        | △6.6%                        | —                     |
| United Kingdom  | 0.07                   | +0.10        | —                            | —                     | 0.13                   | +0.13        | +2480.7%                     | —                     |
| Indonesia   | -0.08                  | +0.04        | —                            | —                     | -0.23                  | +0.17        | —                            | —                     |
| Other regions   | 0.35                   | +0.01        | +3.6%                        | —                     | 1.05                   | +0.22        | +26.6%                       | —                     |

| <Net sales by product> | FY2021/3 Q3 |             |        | FY2021/3 Q3 |             |        |
|------------------------|-------------|-------------|--------|-------------|-------------|--------|
|                        | (3months)   | Change(YoY) |        | (9months)   | Change(YoY) |        |
| Snacks                 | 11.7        | +2.2        | +23.6% | 34.6        | +6.3        | +22.3% |
| Cereals                | 1.8         | +0.0        | +0.4%  | 5.5         | +0.4        | +8.8%  |

|   |     |      |       |     |      |        |
|---|-----|------|-------|-----|------|--------|
| Cereals overseas real consumption                           | 2.6 | +0.1 | +5.0% | 7.8 | +1.4 | +21.0% |
| (of which, overseas consumption included in domestic sales) | 0.8 | +0.1 |       | 2.3 | +0.9 |        |

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Please see slide six. Next, I will explain the results of our Overseas Business.

Overseas sales for the three months increased by 19.8% to JPY13.5 billion, continuing the large increase from the first half of the fiscal year.

As I mentioned earlier, there was an increase in revenue in all four key regions. Others are included.

Operating profit for the three months increased by JPY590 million to JPY680 million. The operating margin increased by 4.2 percentage points to 5.1%.



## FY2021/3 Q3 : Overseas business



### Q3 (3 months)

#### North America

##### ■ Sales

- Strong sales of Warnock PB products
- Continued strong sales for ethnic foods area (*Kappa Ebisen*, *Potato Chips*, *Jagarico*)
- Conducted Harvest Snaps promotion at a major customer

##### ■ Operating profit

Profit rose on higher sales, cost reductions, etc.

#### Greater China

##### ■ Sales

(Snacks)

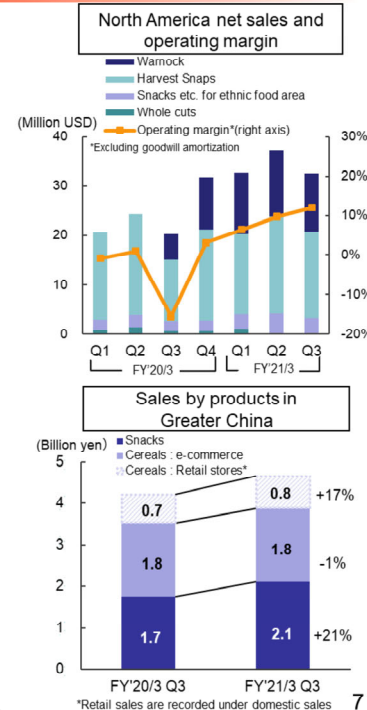
- Expanded product line-up of *Potato Chips*
- Expanded *Jaga Pokkuru* exports from Japan to help recovery from the decline in domestic gift snack items

(Cereals)

- In W11 (Singles' Day) competition sales rose while maintaining prices
- Demand weakened from Dec. because of sluggish market due to oversupply as a result of discounts by competitors

##### ■ Operating profit

Promotional expenses rose on continuation of promotions leveraging KOLs, etc.



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Please see slide seven. This section provides an explanation of our Overseas Business by region.

First, in North America, while the snack market is growing due to the coronavirus crisis, Warnock's private brand products performed well. In addition, sales of snacks such as "*Kappa Ebisen*," *potato chips*, and "*Jagarico*," which are sold in ethnic foods area, have been strong. Harvest Snaps conducted a promotion at a major customer in the third quarter, which also led to an increase in sales compared to the same period last year.

Operating profit in North America increased by JPY700 million compared to the same period last year, due to the effect of increased sales, cost improvement, and the absence of expenses for the acquisition of Warnock in the current fiscal year.

In the Greater China region, sales of snacks increased significantly due to the expansion of *potato chips* items to sell and the expansion of exports of "*Jaga pokkuru*" from Japan.

On the other hand, cereal and ecommerce sales were flat in the third quarter compared to the same period last year. In the W11 sales on November 11, competition with local manufacturers was still tough, and while our competitors cut prices quite aggressively, we maintained our selling prices, so we were able to achieve an increase in revenue, but we were also able to earn a reasonable profit from it.

After the W11, there is an excess in supply due to the huge discounts from competitors. As a result, the market and our sales were somewhat stagnant on December.

Operating income in the Greater China region decreased by JPY300 million, which was almost as planned, partly due to aggressive investment in sales promotion expenses.



## FY2021/3 Q3 : Overseas business



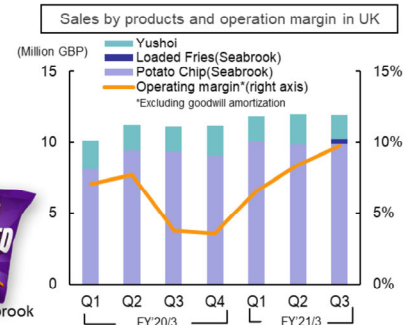
### Q3 (3 months)

#### UK

- Strong demand for Seabrook's potato chips multi-packs
- Launched new Seabrook brand products using Yushoi production line



Loaded Fries by Seabrook



#### Indonesia

- Conducted promotions amid continuing weakness in snack market due to worsened income environment from COVID-19



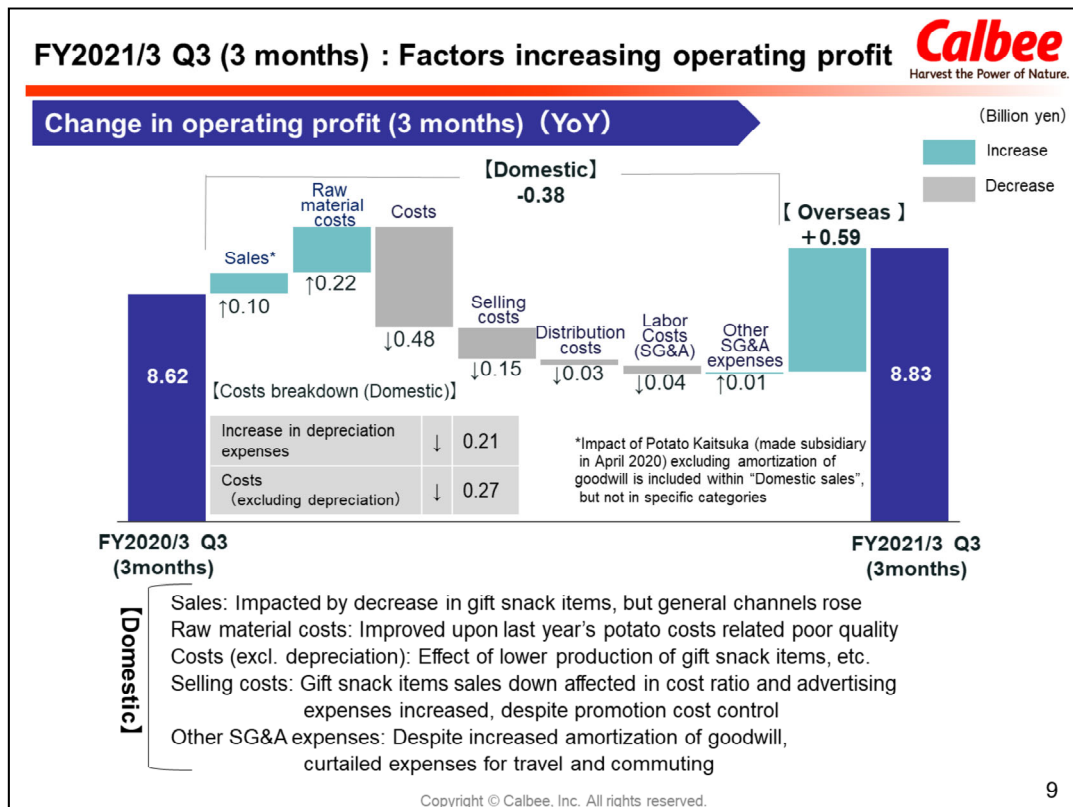
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Please see slide eight.

In the UK, demand for Seabrook brand potato chips, especially multi-packs, was strong. We also launched a new product under the Seabrook brand that utilizes the production line of Yushoi, a bean-based snack. In addition to the cost synergies from the acquisition of Seabrook, we have also started to see synergies in sales.

In Indonesia, the snack market remained sluggish due to the worsening income environment caused by coronavirus infection, which continued from the first half of the fiscal year. Under these circumstances, we have managed to maintain sales by implementing sales promotions for *potato chips*.



Please see slide nine. Finally, I will explain the factors behind the increase and decrease in operating profit for the three months by factor.

In this graph, operating profit is divided into domestic and overseas and, for domestic, it is broken down by element.

In domestic business, as explained in the impact of the new coronavirus on slide two, the negative effect of JPY900 million from gift snack items has had a negative impact on variable costs, such as sales, raw materials, cost of sales, and selling expenses.

In contrast, there were positive factors, such as increased revenue in the general channel, reduced travel and transportation expenses, and an improvement in the cost of potatoes, which resulted in a total domestic decline of only JPY400 million.

Overseas, profits increased mainly in North America, contributing to the overall increase in profits.

That is all the explanation from me. Thank you very much for your attention.

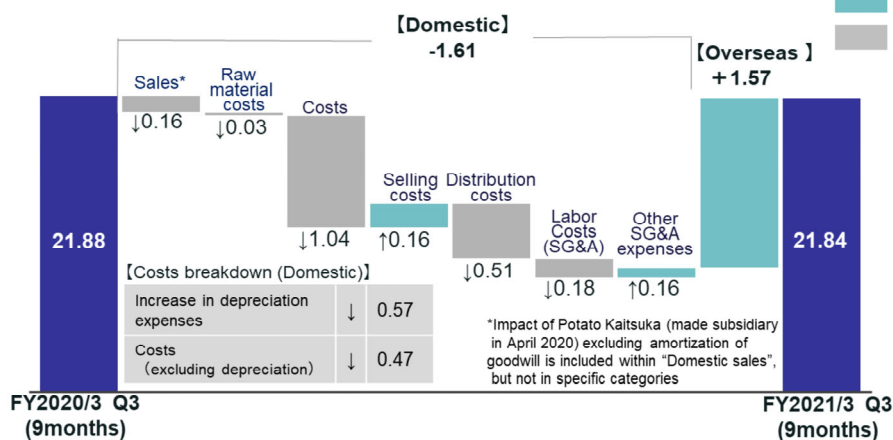
# FY2021/3 Q3 (9 months) : Factors decreasing operating profit



## Change in operating profit (9 months) (YoY)

(Billion yen)

■ Increase  
■ Decrease



## Reference material

For detailed figures for sales by product, sales by overseas country/region, etc., please refer to FY2021/3 Q3 Supplementary Information.  
<https://www.calbee.co.jp/en/ir/library/shiryoku/>

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## Consolidated profit and loss statement



(Million yen)

|  | FY2021/3 Q3 (3 months) |                     |        |                      | FY2021/3 Q3 (9 months) |                     |        |                      |
|--|------------------------|---------------------|--------|----------------------|------------------------|---------------------|--------|----------------------|
|  |                        | Percent of total(%) | YoY(%) | vs. Revised plan*(%) |                        | Percent of total(%) | YoY(%) | vs. Revised plan*(%) |
| Net sales  | 70,256                 | 100.0               | +5.1   | 101.7                | 201,203                | 100.0               | +4.7   | 100.6                |
| Gross profit                                     | 32,173                 | 45.8                | +4.9   | 103.0                | 89,388                 | 44.4                | +3.1   | 101.1                |
| SG&A   | 23,345                 | 33.2                | +5.8   | 99.1                 | 67,546                 | 33.6                | +4.2   | 99.7                 |
| Selling  | 10,810                 | 15.4                | +8.2   | 98.7                 | 30,650                 | 15.2                | +2.2   | 99.6                 |
| Distribution                                     | 4,931                  | 7.0                 | +3.0   | 101.5                | 14,557                 | 7.2                 | +5.7   | 100.5                |
| Labor  | 4,925                  | 7.0                 | +6.5   | 98.5                 | 14,397                 | 7.2                 | +6.5   | 99.5                 |
| Others   | 2,678                  | 3.8                 | +0.7   | 97.3                 | 7,941                  | 3.9                 | +5.3   | 99.1                 |
| Operating profit                                 | 8,827                  | 12.6                | +2.4   | 115.0                | 21,841                 | 10.9                | -0.2   | 105.6                |
| Ordinary profit                                  | 8,652                  | 12.3                | -3.3   | 114.4                | 21,401                 | 10.6                | -1.7   | 105.4                |
| Extraordinary loss                               | -125                   | —                   | —      | —                    | -204                   | —                   | —      | —                    |
| Profit attributable to non-controlling interests | -60                    | —                   | —      | —                    | -482                   | —                   | —      | —                    |
| Net profit**                                     | 5,825                  | 8.3                 | -0.6   | 116.7                | 14,048                 | 7.0                 | -4.3   | 106.3                |

\* Revised plan as of Q2 of FY 2021/3

\*\* Profit attributable to owners of parent

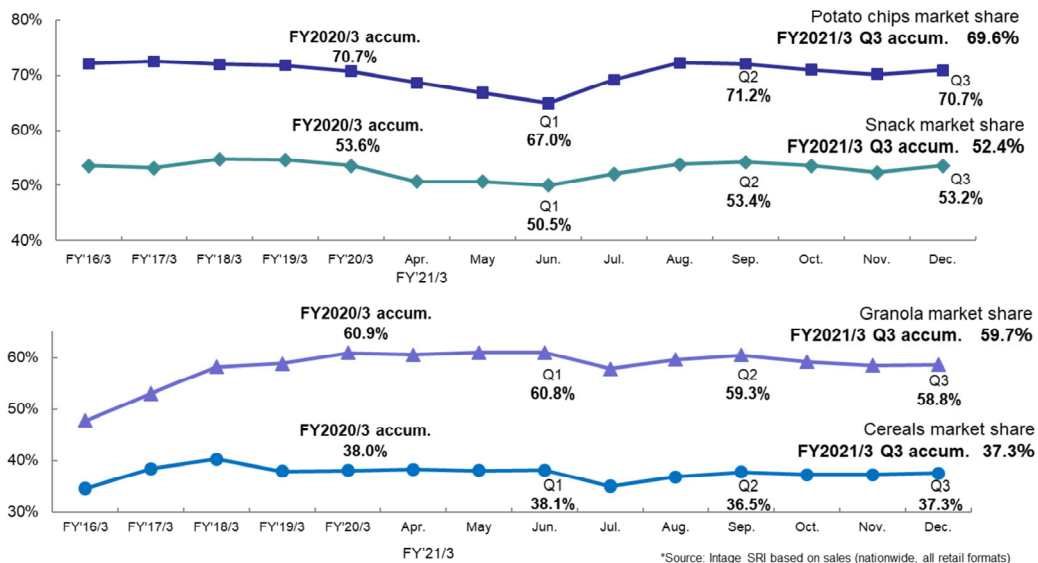
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## Domestic business



### ■ Market share\*



\*Source: Intage SRI based on sales (nationwide, all retail formats)  
FY21/3 Q3 total: April 2020 – December 2020  
FY18/3-FY21/3: April 2015 – March 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

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- The Company's fiscal year ends on March 31. The fiscal year ending 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.
- This document also contains unaudited figures for reference purposes only.