

Q&A from Small Meeting between Calbee Outside Directors and Institutional Investors

December 22, 2025

Presenters:

- Yoshihiko Miyauchi, Independent Outside Director, Chairperson of the Nomination and Compensation Committee
- Hatsunori Kiriyma, Independent Outside Director, Member of the Nomination and Compensation Committee
- (Also present) Kazuhiro Tanabe, Executive Officer and CFO

Moderator: 1 sell-side analyst**Participants:** 10 institutional investors (13 total individuals)**Q1. From your perspective as an outside director, what are Calbee's strengths and challenges?****(Miyauchi):**

Calbee's strengths lie in its solid management structure and sincere approach to manufacturing; internal operations are solid. After significant growth during President Matsumoto's tenure, progress has stagnated. When President Ehara assumed the role, he initiated a new growth strategy. Due to various factors, sufficient results have not yet been achieved, which is why the growth strategy is being reworked. We will continue to monitor whether the new strategy succeeds.

(Kiriyma):

Calbee's good points are passion for its products, the sincerity of its actions and processes, and the fact that it manufactures and sells with the consumer in mind. These strengths have led to a high market share in Japan.

It is important to balance growth and efficiency in the Japan business. There are still growth opportunities outside of core business areas. Overseas operations are progressing at a slower pace than expected, the challenge is to focus investments and improve returns. Calbee is already forming strategies to do so. As directors, we will carefully monitor the appropriateness of strategic choices and their execution.

Q2. What points do you emphasize from a risk management POV when monitoring the effectiveness of overseas strategies?**(Kiriyma):**

It is important to determine the priority level and efficiency of investments. We review whether past M&As were appropriate, and hold thorough discussions on whether investment projects and allocation of human resources have been adequate.

Q3. Calbee has indicated its focus on human resources, having issued a Human Capital Report. What do you believe are the characteristics of Calbee's human resources?**(Miyauchi):**

Both internal and external human resources, including management, are well integrated, molding Calbee that we know today. I believe that securing and developing personnel suited to future overseas growth is one of Calbee's challenges.

Q4. Since President Ehara took office, there seems to be more active communication within the organization (roundtable meetings, etc.). Do you have any thoughts or advice on efforts to enhance internal communication?

(Miyauchi):

President Ehara is making efforts to foster positive internal communication and corporate culture. Top management is spending considerable time on dialogue and taking necessary action as appropriate.

(Kiryama):

I think efforts to reduce the distance between top management and employees have been very positive.

To enhance global expansion, I feel it is important to further intensify communication with overseas employees, an opinion I have shared with President Ehara.

Q5. The stock price has been sluggish. What are your thoughts on it?

(Miyauchi):

Calbee is a valuable company, but I think that the recent stagnation in growth that was previously highly evaluated is reflected in external assessments, such as the stock price. The business is mainly based on potatoes, and there are limits to how much it can increase market share in Japan. For the next stage of growth, it will need to expand to ingredients beyond potatoes, and into overseas markets. This will require upfront investment and will not yield short-term profit but is an essential challenge to overcome for medium- to long-term growth. It will be necessary to achieve both short- and long-term goals. Doing so will test the capability of management.

Q6. What is your outlook on structural reforms in Japan's food industry? What do you think about how the balance sheet is being managed?

(Miyauchi):

Japan's food industry serves demanding consumers, and each company is highly sophisticated in its business. Even if you want to enter a neighboring market, competition is strong, making entry difficult. However, I believe there is room for expansion, including through M&A. The industry has been conservative financially, but at Calbee, I believe the timing is right to take a more proactive approach to risk-taking, and advance growth strategies. I want to discuss this thoroughly at our board meetings.

Q7. What are your thoughts on President Ehara's tenure so far? What triggered his "healthy sense of urgency"?

(Miyauchi):

During President Matsumoto's tenure, growth was achieved by pursuing existing frontiers. To continue to grow, current management must create new frontiers. President Ehara and his team are highly perceptive and sincerely listen to outside directors. I sense President Ehara's strong determination to break away from the status quo. I hope to support this resolve and see the company operate centered on growth.

A healthy sense of urgency has arisen from daily business operations and pressure from the board. I think management has a good understanding of Calbee's position in the overall market.

Q8. Please share any changes in the relationship with PepsiCo, Inc., which became a major shareholder in 2009, along with any discussions the board has held regarding this matter.

(Tanabe):

The initial purpose of the strategic alliance in 2009 was to create synergies in Japan. We achieved this with Japan Frito-Lay, turning it into a profitable company. There have also been

positive effects from personnel exchanges, including President Ehara. I believe our initial objectives have been met.

At one time, we entrusted *Jagabee* sales in North America to PepsiCo, but it did not go well. Since President Ehara's appointment, we have held deep discussions on collaboration with PepsiCo. Specific ideas are being considered, and if necessary, they will be brought to the board.

(Miyauchi):

Calbee's capital relationship with PepsiCo is ongoing, and collaborations are being explored. I don't see any negative aspects to their holding a stake in Calbee. Mutually beneficial opportunities will continue to be sought.

(Kiryama):

Taking into account market share and business-environment characteristics in each country, we will evaluate the potential impact and determine whether collaboration is the appropriate course of action. The first priority is to define the overall overseas business strategy.

Q9. What contributions has the outside director dispatched from PepsiCo made to the board? How are conflicts of interest handled?

(Miyauchi):

Based on the strategic partnership agreement, one director (Ms. Weiwei Yao) joined our board from PepsiCo. When a conflict of interest arises, she leaves the room for the duration of the discussion.

(Kiryama):

Ms. Yao brings management and overseas expertise, provides many proposals from a global perspective, and contributes to the board. As she leaves the room when a potential conflict of interest arises, I don't believe her presence represents any governance risk.

Q10. Please talk about discussions in the Nomination Committee regarding CEO evaluation and CXO succession planning. What do you think about the CEO being a member of the Nomination Committee?

(Miyauchi):

Outside directors must view management from a shareholder's perspective. While there are opinions that focus on the market from a short-term perspective, management also requires a medium- to long-term view. Therefore, we evaluate executives by balancing both short-term and medium- to long-term perspectives. The most important role of the Nomination Committee is to judge the suitability of a CEO. While Calbee does not have a statutory Nomination Committee, we effectively fill that role, and will continue to discuss our function going forward.

(Kiryama):

We are currently discussing whether to include medium- to long-term perspectives and stock performance as KPIs in our CEO evaluations. We want to evaluate strictly from short-, medium-, and long-term perspectives. Although the CEO is a member of the Nomination Committee, CEO evaluation is discussed only among outside directors. However, the CEO is included in succession planning, because his opinion is also necessary.

For CXO succession, we have a candidate list for positions two levels down and evaluate next-generation talent. We are prepared for immediate succession if needed, but to compete globally, we need to further enrich our talent pool, including overseas personnel.

Q11. How are current directors selected, considering the skill matrix?

(Miyauchi):

New director candidates are recommended by external experts and other sources. These recommendations are reviewed by the Nomination Committee, and final decisions are made following direct interviews with the candidates.

(Kiryama):

I believe Ms. Yao and I were appointed in light of overseas growth being key to future corporate growth. We will strengthen governance by building a skill matrix that incorporates expertise in corporate management and global areas, while also reflecting diversity in nationality, gender, and other characteristics.

Q12. The domestic business has reached a phase where profitability and capital efficiency are declining, but investment is also necessary. What are your thoughts, and what discussions has the board had on this matter?

(Kiryama):

Domestically, Calbee still has growth potential and opportunities to improve profitability. We expect to see thorough productivity improvements driven by DX and AI, and enhancement of business profitability through S&OP, etc. Executing appropriate price adjustments at the right time is also a key lever for improving profitability. As a leading company, I believe it is essential to implement necessary and justified price increases in a steady and disciplined manner. However, with Japan's declining birthrate, there are limits to growth in the core business, so new growth pillars must be explored. Everything should be considered from scratch, including M&A, and proactive action taken when opportunities arise. Profits from the domestic business are necessary for overseas investment. As outside directors, we will encourage the executive team as needed and pursue discussions without hesitation, seeking decisiveness and speed.

(Miyauchi):

Our domestic supply capacity, including for raw materials, has become a challenge. I understand that the issue stems from having delayed the necessary reinforcement of supply capabilities, as Calbee had been operating at near-maximum production efficiency during its growth phase.

Q13. How many years do you consider to be “medium- to long-term”? What level of cash flow or profit growth would you consider satisfactory for Calbee’s growth strategy?

(Miyauchi):

From my long experience serving on boards, I believe a CEO should always be looking to the next 10 years, but as a listed company, results must be delivered in 3–5 years. Organic growth alone is not sufficient. If the financial flexibility is there, pursuing M&A can achieve real growth.

(Kiryama):

I consider 5 years as medium-term and 10 years as long-term. Even with a three-year plan, strategies should have a through line that extends for 5 years. In addition to organic growth, incorporating M&A and new portfolios is necessary for strong growth. Especially overseas, Calbee must judge whether to proceed independently or via M&A, considering regional characteristics.

Note:

This record does not cover the full Q&A. It has been edited for clarity.



Scene from the meeting (Left: Director Miyachi, right: Director Kiriyma)