

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

May 12, 2025

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

TSE's requests

Analysis of current situation

- Gain a proper understanding of the company's cost of capital and profitability
- Analyze and evaluate the current situation around these and the market valuation at board of directors meetings

Planning & disclosure

- Have board of directors discuss and develop policies, targets, planning periods, and specific initiatives for improvement
- Disclose clear information on these, along with assessment of the current situation, to investors

Implementation of initiatives

- Push forward with management that is conscious of cost of capital and stock price, based on the disclosed plans
- Engage in proactive dialogue with investors based on this disclosure

Calbee's response

- **Considering the characteristics of Calbee's business, we have adopted ROIC as a company-wide management indicator**
 - ✓ Set WACC for each country based on consolidated capital costs
 - ✓ Manage EBITDA, our KGI for cash flow generation, by country
- **The Board of Directors discussed ways to improve ROIC and reduce capital costs in order to enhance corporate value**

- **To realize "management that is conscious of cost of capital and share price," established a financial strategy aimed at achieving our vision for 2030**
- **Advance the formation of our next growth strategy that shows awareness of ROIC**
- **Disclose financial strategy and numerical targets in financial results briefings, integrated reports, and on Calbee's website**

- Promote understanding within the relevant divisions and, **starting in FY2026/3, present medium-term guidance based on the ROIC tree and begin operational management**
- **Engage in proactive and ongoing dialogue with investors to promote mutual understanding** (via financial results briefings, small group meetings, conferences, individual interviews, etc.)

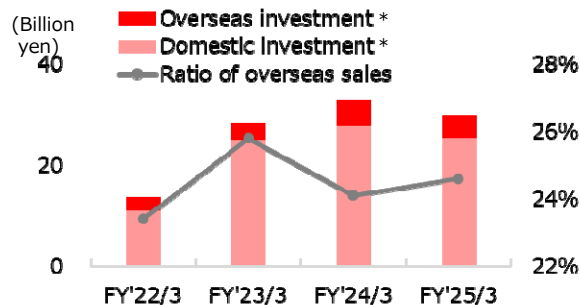
Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Analysis of current situation

- **Low levels of financial leverage are considered to lead to sluggish stock price growth**
(Despite posting record profits, overseas strategic investments and sales ratio were low, making it difficult to raise the certainty of medium- to long-term overseas growth)
- **ROE (approx. 10%) exceeded capital costs (approx. 7%), but higher capital efficiency is needed**

■ Investment in growth areas (especially overseas) and business growth were insufficient

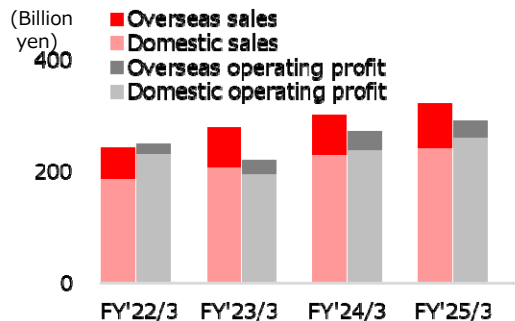
System needed to improve the effectiveness of investments and promote business portfolio transformation



* Investment: sum of growth investment and efficiency investment

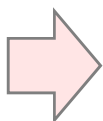
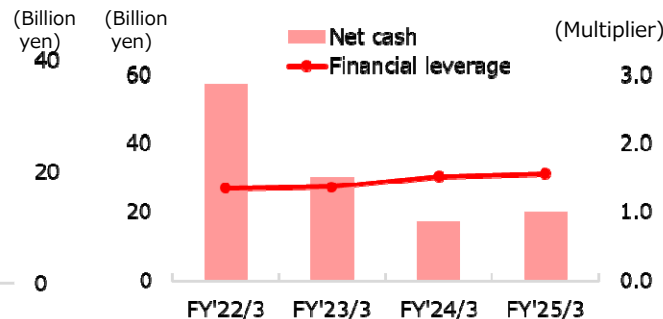
■ Overseas sales and profit growth were insufficient

Initiatives needed to accelerate the growth of overseas sales and profit



■ Financial leverage remains at a low level

Need to reduce capital costs by implementing effective capital policies

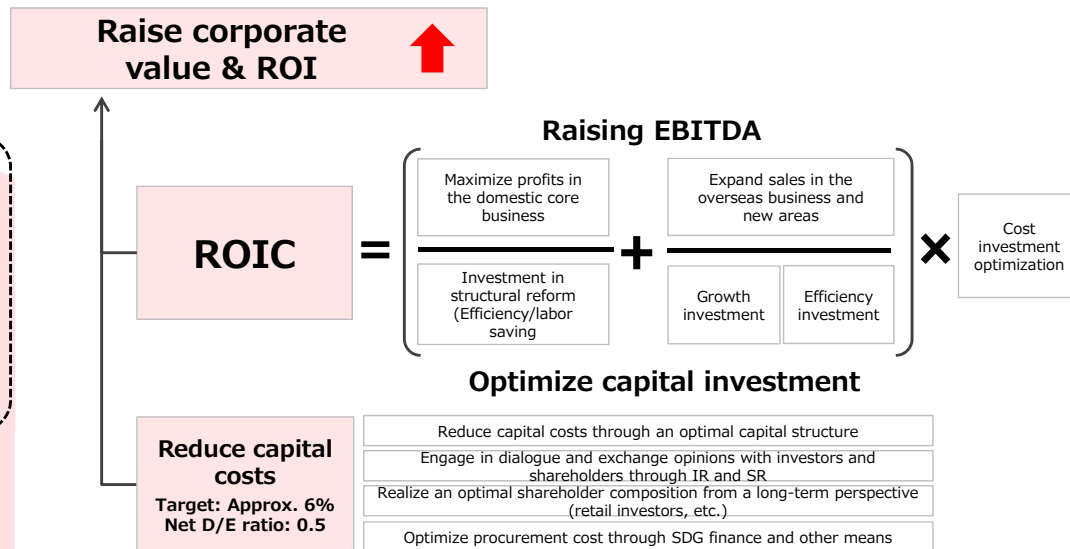
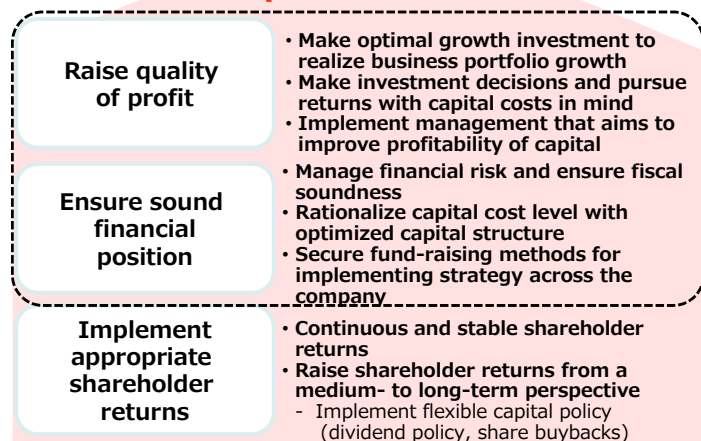


Set ROIC as a company-wide management indicator as part of a shift to management that emphasizes business growth and added value creation
At the same time, work to enhance corporate value by reducing capital costs

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Financial strategy policy/plan

**Continuously improve
corporate value**



Status of initiatives

- Advance the formation of our next growth strategy that shows awareness of ROIC
- Strengthen mechanisms for investment review and monitoring
- Review optimal capital structure
- Set policies while continuing dialogue with investors

Specific policies

- Introduce ROIC indicators to strengthen added value creation capabilities
- Aim for a capital cost of approximately 6% by optimizing capital structure
- Promote business growth by setting EBITDA as a KGI for each region and country