Calbee
Harvest the Power of Nature.

FY2027/3 H1 Results Presentation Q&A
November 6, 2026

Q1. H1 operating profit exceeded the plan by approximately 1 billion yen. Is it possible to maintain this level of outperformance and exceed the full-year plan as well?
For operating profit, we aim to maintain the approximately 1 billion yen outperformance achieved in H1 and exceed the H2 plan as well. However, as external factors, including the impact of the situation in the Middle East, have heightened uncertainty, we have left our full-year forecast unchanged.

Q2. In the domestic business, sales fell short of the plan, while profit exceeded the plan by ¥900 million. What factors drove the profit outperformance? Is this mainly to do with the Middle East situation having a smaller impact than expected?
The main reasons why profit in the domestic business exceeded the H1 plan were that cost increases associated with the situation in the Middle East were smaller than anticipated and that various recovery measures were more effective than expected.

Q3. Are H2 results expected to exceed the plan? Also, given that H1 marketing expenses were lower YoY, will they still be increased in H2 in line with the plan?
There are two possible factors that could contribute to H2 results exceeding our plan. One is the impact of cost management in response to the situation in the Middle East and the effects of recovery measures such as price and content revisions. The other is the effect of flexible management of marketing expenses. Marketing expenses are used when it is determined that they will lead to increased sales/profit. They are not used when no such effect is expected.

Q4. Did the reaction from consumers to this year's major price revisions have a larger impact than those from past price revisions?
The general shift of consumers who are tired of continued price increases towards lower priced products has strengthened. While unique brands like *Kataage Potato* and *JagaRico* are receiving strong support, a shift to lower priced options has been observed among products that are difficult to differentiate. It may be challenging to continue passing on cost increases in our pricing. We will create a clear distinction in our product lineup across different price ranges, while capturing a broad range of demand by reducing costs and expanding our selection of products in affordable price ranges.

Q5. Do you expect costs to rise further next fiscal year? Will the major price revisions in H2 be enough to cover them, or will additional price strategy or policy measures be necessary? Will it be possible to continue making a profit in the tough business environment food manufacturers are currently caught up in?
This current round of price revisions is expected to absorb cost increases to a certain extent and we do not currently foresee further major cost increases. Based on the present business environment, even if there were to be cost increases, we would need to carefully and thoroughly consider whether to pass them on in our pricing.

That said, as we continue to further improve productivity, we will expand our product lineup by combining corn-based snacks made with relatively inexpensive ingredients with high-added-value products such as *JagaRico*. We will also leverage our integrated sales operations with Frito-Lay Japan to secure profits.

Q6. What is your strategy to combat inflation? Do you plan to offer a range of products/prices that capture a wide spectrum of demand, or will you prioritize securing profit by raising prices?
As an industry-leading company, we offer products at a wide range of prices to meet the varied needs of our customers. We will ensure profitability for low-priced products through productivity

improvements, while offering high-value-added products, such as *Gold Calbee*, at prices that reflect their value. We will leverage our ability to cover a wide range of price points as a strength to drive profit growth.

Q7. You continue to invest in strengthening the foundation of the North American business (existing) even as growth remained at just over 1% in H1 (excluding the impact of exchange rates). How do you plan to accelerate growth in H2 and beyond?
We recognize that our H1 results were not at a satisfactory level and aim to achieve a swift recovery starting in H2. However, as we are currently in an investment phase, it will take time for the effects of investments to be reflected in our financial results. We are committed to working to achieve tangible results are achieved in the next fiscal year.

We will focus on raising brand awareness and expanding distribution in the Better for You category, centered on *Harvest Snaps* and its derivative brands. We have been growing steadily even as other players struggle and aim to maintain and accelerate growth momentum.

Q8. In the North American business, during Q2 it seemed like the sales growth momentum of *Harvest Snaps* slowed, while Legacy products grew. Has there been a change in strategy? If so, why?
There were time lags in implementing sales promotion initiatives for major retailers. Adjusting for the impact of these lags, the underlying sales growth trend for *Harvest Snaps* is stable. There have also been temporary impacts resulting from the reformulation of certain products to include avocado oil and from price adjustments. These effects are expected to even out over the full fiscal year.

Q9. Are we correct to understand that the North American business was not profitable in Q2? What recovery measures do you have planned for H2?
While the North American business did post a loss in Q2, the business was roughly at break-even for H1 as a whole. The main factor for this was a sharp rise in distribution expenses due to higher diesel prices. Time lags for sales promotion initiatives also had some impact. In H2, we aim to restore profitability by expanding sales, improving productivity, and streamlining costs—including distribution expenses—as well as through the effects of price revisions for products made with avocado oil.

Q10. What is your current outlook and thinking regarding growing profit in the overseas business next year?
We expect profit to increase in Asia and Oceania. As outlined in our growth strategy, our approach in North America is to first prioritize sales growth and reinvest the profits generated into growth initiatives. Our direction of gradually building up profit from the second half of the next fiscal year has not changed. In North America, we expect to see sales grow. In other regions, we expect to see profit grow.