Growth Strategy Presentation Q&A
March 30, 2026

Q1. Your growth guidelines set a target ROE of more than 10% by FY2031/3, but given that you have exceeded 10% in the past, the messaging around further improvement appears weak.
We will clear an ROE of 10% by FY2031/3 and aim to exceed that level. We are targeting 15% by FY2036/3. The next five years by 2031/3 will be a period of growth investment, which includes overseas growth investment and the launch of new factories. Until new factories begin operation, we will focus on improving the profit margin of our domestic core business.

Q2. Why did you only include EBITDA growth rate, and not operating profit or net profit?
We have established these guidelines as the KPIs we prioritize for a 5- to 10-year management horizon. We set EBITDA growth rate because we place the highest priority on strengthening earnings power.

Q3. Regarding portfolio transformation, overseas and new categories are expected to grow to account for 40–50% of sales. Will North America be the primary driver of this?
North America will be the core of growth for our overseas business. Meanwhile, for our domestic business, given the impact of the significant decline in Hokkaido potato harvests, strengthening resilience is essential. We recognize that building a structure that is not over-reliant on fresh potatoes is an important theme.

Q4. What is the rationale behind positioning North America as a priority region overseas? Why do you believe you can succeed there? How has your thinking changed?
We have found that, in our overseas business, the allocation of management resources has been dispersed, and we have not sufficiently prioritized selection and concentration. We have therefore adopted a policy of concentrating resources in North America, the world's largest snack market.

Dietary habits in North America are evolving, driving increased demand for products containing protein and dietary fiber. As a result, we anticipate continued growth in demand in the "Better For You" category and related segments. Currently, even as the "Better For You" market struggles amid inflation, *Harvest Snaps* is achieving sales growth and high acclaim. However, we believe we have not yet fully leveraged the strengths of this brand, and see significant room for growth if we strengthen promotional efforts.
We will expand the *Harvest Snaps* brand product portfolio and broaden our range of health-focused products. We will also cultivate many remaining undeveloped channels. Since marketing investment has been insufficient to date, we will prioritize human resources and marketing investment. There is an opportunity to further leverage our strength by utilizing domestically developed R&D capabilities and delivering products that embody the Calbee brand.

Within the snack category, the segment catering to preferences for Asian and ethnic flavors is experiencing a high growth rate, and we see an opportunity to expand our presence in this area as well. We will strengthen existing products, starting with *Kappa Ebisen*. We believe we can also leverage Japan's product development capabilities and expertise in flavors and textures.

Q5. What functions are you looking to strengthen through M&A in North America?
We are targeting companies with distribution capabilities or possessing technologies that can complement our "Better For You" portfolio.

Q6. How do you plan to prioritize other regions, given your focus on North America?
To support growth in North America it is important to generate cash in other regions. We will maximize the use of existing facilities in Asia and other regions to generate cash.

Q7. Under Change 2025, you set a growth investment target of 80 billion yen. Why did you fall short at approximately 50 billion yen?
Factors included delayed capital expenditure due to inflation and insufficient research due to our lack of dedicated M&A capability. We established a dedicated M&A team this fiscal year and will allocate resources more effectively going forward.

Q8. Besides insufficient investment, were there not also issues with realizing organic growth in the overseas business? Can this be resolved through investment? Is it not necessary to restructure the chain of command and execution framework?
High volatility overseas is a challenge. Due to decentralization, we were not fully leveraging Calbee's strengths. We have already established a system where major brands are controlled globally under headquarters' leadership. We are strengthening the involvement of corporate functions such as R&D and marketing to support local subsidiaries.

Q9. What is the rationale behind the forecast of over 10% EBITDA growth for the domestic business over the next five years? Setting aside the rebound from the shortage of Hokkaido-grown potatoes, will it not be difficult to achieve sustained high growth?
We are focusing on three areas: value creation based on customer needs, strengthening operational capability, and expanding into new areas. We believe we can improve margins through product development and marketing, as well as by lowering the break-even point via S&OP and factory digital transformation (DX). We expect to achieve a margin improvement of approximately 2 percentage points through value creation based on customer needs and strengthened operational capabilities, and will aim for sales and profit growth in new areas as well.

Q10. Regarding value creation based on customer needs, will advancing product diversification not cause cannibalization? You had been reducing SKUs through S&OP; has your approach changed?
While similar products compete for shelf space, products that stimulate customer latent demand can be deployed beyond traditional shelf locations, and tests have yielded positive results. We believe we can expand while minimizing cannibalization by combining price tiers in the value, mid-, and premium ranges.

It is important to improve profitability in the domestic market. Since our S&OP initiatives have made it possible to track profit and loss by SKU, we will prioritize higher-margin products. As part of this, we have decided to establish a new production line at the Hiroshima Hatsukaichi Factory to manufacture products such as Japan Frito-Lay's popcorn.

Q11. While you have indicated a dividend increase of at least 3 yen per share each fiscal year, you have not set targets for total payout ratio or dividend on equity (DOE). Will you prioritize growth investment over shareholder returns for the next five years?
We consider shareholder returns to be a top management priority. We plan to deliver approximately 45 billion yen in shareholder returns over the next five years. While maintaining a policy of increasing the dividend by at least 3 yen per share each fiscal year, we will also conduct flexible share buybacks depending on operating cash flow and the progress of growth and continuity investments. We will enhance corporate value through growth and inorganic investment and conduct management with a focus on share price.