

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

2026.9

Calbee

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

TSE's requests

Analysis of current situation	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

- Adopted ROIC as a company-wide management indicator** in FY2026/3, to **implement business management using WACC and EBITDA for each country**, based on company-wide cost of capital (approx. 7%) ^{*1}
 - Reviewed the previous growth strategy, "Change 2025," to identify challenges(*)**
 - ✓ ROE for FY2026/3 was 8.3%, falling short of the growth guidance, and was considered to have failed to lead to a higher share price
 - ✓ Challenges: accelerating business growth, investment execution, and financial leverage
 - Discussed the above analysis/evaluation at the Board of Directors meetings and reflected the results in the new growth and financial strategies**
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- Developed the new growth strategy, "Accelerate the Future,"** by backcasting from our vision for 2035, while being conscious of our cost of capital and stock price and taking the views of investors into account
 - Developed our corporate value enhancement model**, which is driven by strengthening our earnings power, capital efficiency and growth expectations
 - Engaging in dialogue on our strategy and target values at growth strategy briefings and small group meetings, and disclosing materials on our website
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- Launched initiatives based on the new growth strategy, while promoting understanding within the relevant divisions of our vision and growth strategy for 2035
 - Disclosing progress on the initiatives under the growth strategy and engaging in proactive and ongoing dialogue with investors, to promote mutual understanding**
(via financial results briefings, business briefings, small group meetings, conferences, individual interviews, etc.)

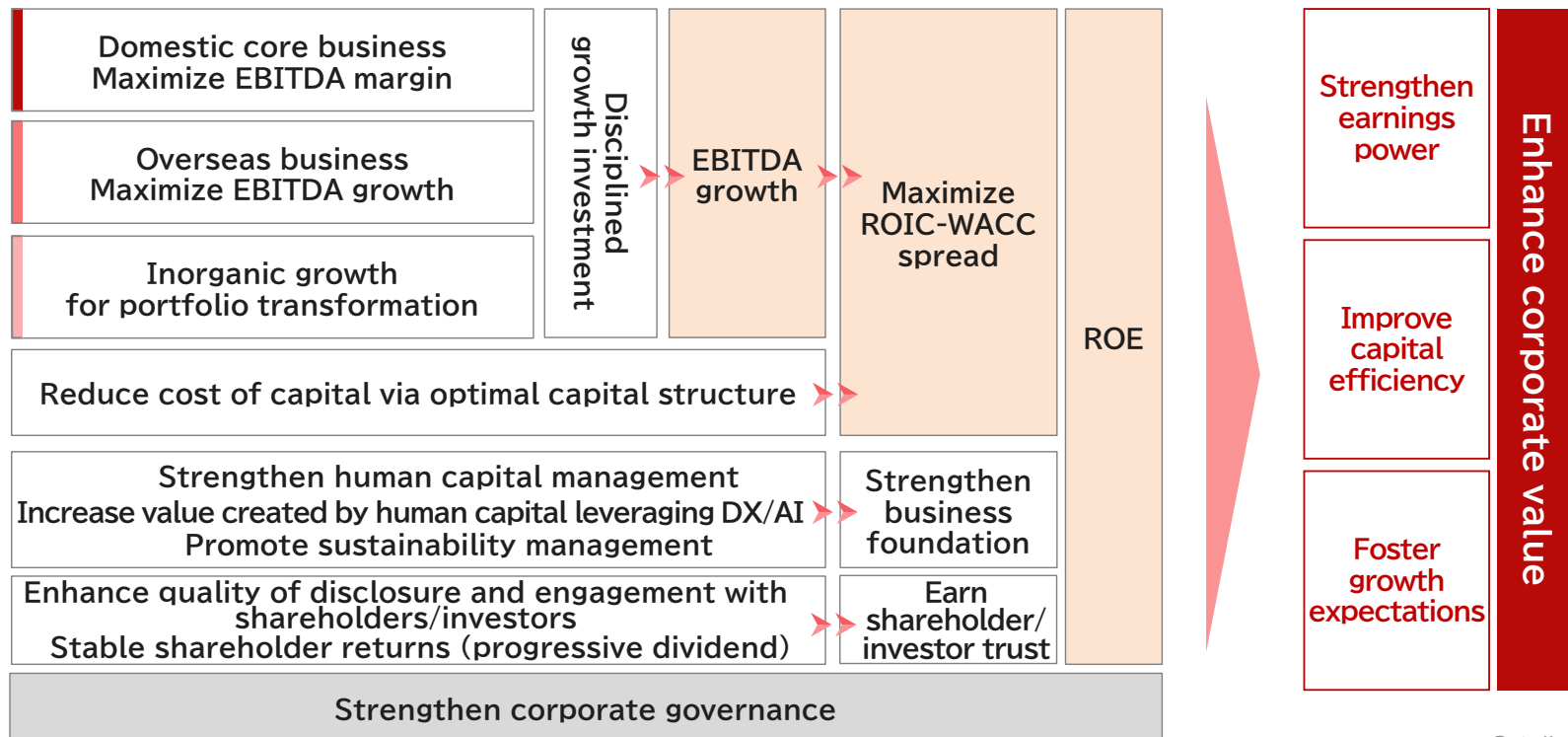
^{*1} Estimated based on the stock market

(*) For a review of Change 2025, please refer to the materials for the Growth Strategy Briefing held on March 27, 2026

https://www.calbee.co.jp/en/ir/pdf/2026/Calbee_growth_strategy.pdf?202604

Corporate Value Enhancement Model for 2035 Targets

Calbee aims to enhance corporate value through both economic and social value creation to become a company that delivers value globally. While maintaining financial soundness, we will focus on three pillars: strengthening earnings power, improving capital efficiency, and fostering growth expectations



Growth Guidance

		FY2024/3-FY2026/3 results	FY2027/3-FY2031/3	FY2032/3-FY2036/3
Economic value	Strengthen earnings power	Organic sales growth ratio	+7%	+7%~
		EBITDA growth ratio	+8%	+10%~
		EBITDA margin	12.7% (FY2026/3)	14%~ (FY2031/3)
	Portfolio transformation	Growth areas (overseas/new categories) sales ratio	31% (FY2026/3)	40~45% (FY2031/3)
	Improve capital efficiency	ROE	8.3% (FY2026/3)	10%~ (FY2031/3)
		Profit growth rate	+5%	+10%~
		ROIC	8.0% (FY2026/3)	8%~ (FY2031/3)
Social value	Employees	Strengthen human capital management	Calbee Human Capital Index 79.90 (FY2025/3) → 81.28 (FY2031/3)	
	Society	Promote sustainability management	Priority themes based on 5 materialities	

We will work on the following three initiatives as a foundation to realize our corporate value enhancement model for 2035 targets

1. Accelerating growth through disciplined investment

- Management framework for disciplined investment in growth
- Cash allocation to drive a virtuous cycle of investment and growth
- Capital structure optimization while preserving financial soundness

2. Providing stable and disciplined shareholder returns

- Progressive dividend (annual increase of at least 3 yen per share)
- Consider flexible share repurchases depending on the progress of growth/continuity investments

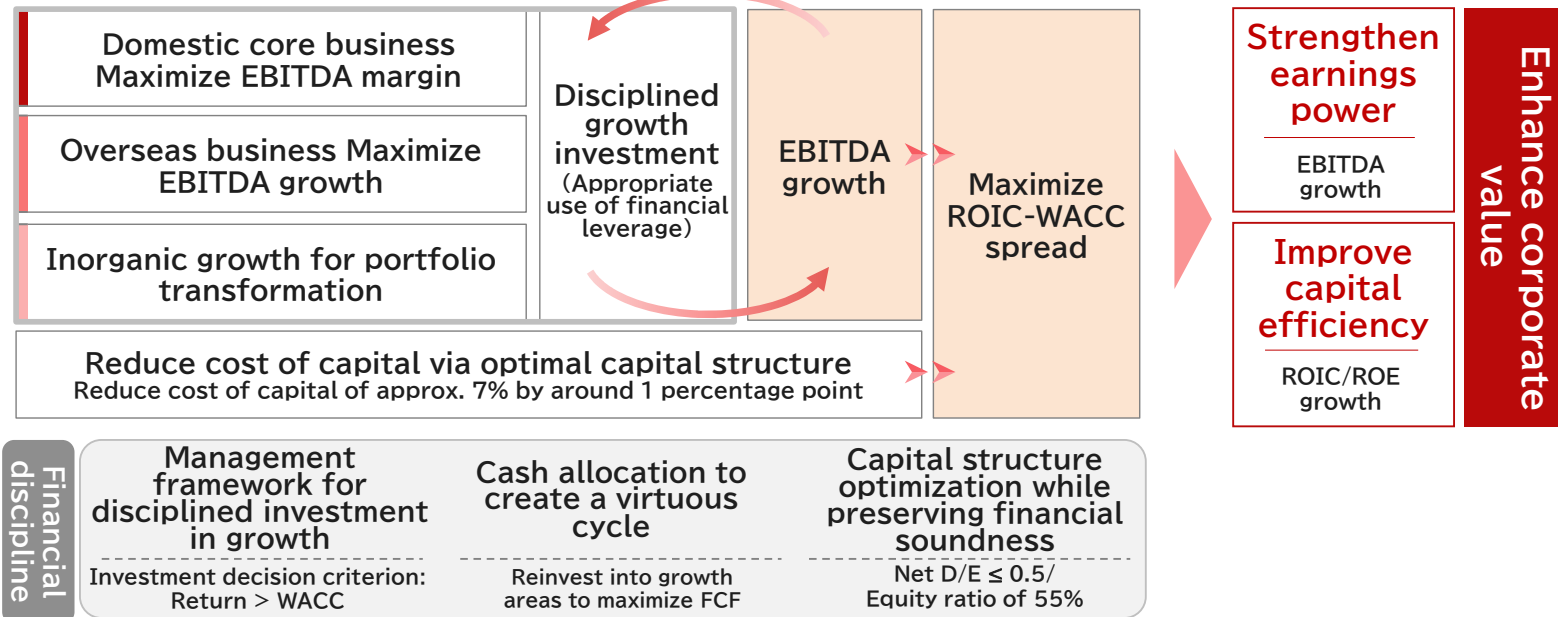
3. Earning the trust of shareholders/investors and fostering growth expectations

- Strengthen IR and SR activities (enhance disclosure and dialogue, provide feedback to management, and promote understanding of capital markets through internal IR activities)
- Strengthen corporate governance

1. Accelerating growth through disciplined investment

We aim for corporate value enhancement through a virtuous cycle of growth investment and strengthening our earnings power (EBITDA growth) with financial discipline, expansion of the ROIC-WACC spread, and gradual strengthening of our financial base

Reinvest generated cash into growth areas



1. Accelerating Growth through Disciplined Investment | Management Framework for Disciplined Investment

Under the management framework below, we will improve the effectiveness of growth investments for sustainable cash generation

<Management framework>

■ Existing business

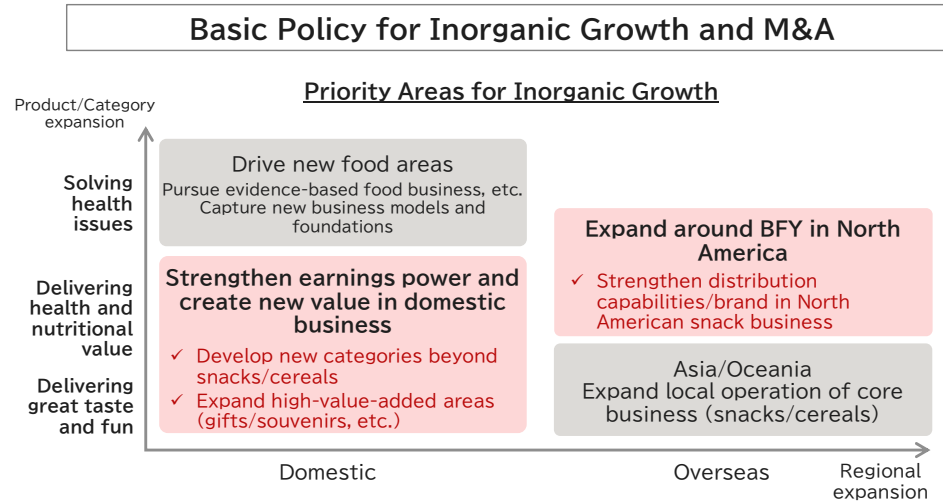
- Review investment authority for more prompt decision-making
- **Clearly define Return > WACC for each country as an investment decision criterion**
- Strengthen investment effectiveness validation and business reviews

■ Inorganic growth

- Formulate a **basic inorganic growth/M&A policy** and clarify priority business areas
- Disciplined investment decisions based on organizational capability and financial capacity
- Steady execution of PMI and establishment of monitoring structures

■ Exit criterion

- Review businesses, including the possibility of exit, if their returns remain below WACC and **we determine that they are unlikely to contribute to future growth**



Investment Decision / Monitoring Process

- **Execute M&A transactions that strengthen and complement existing businesses and create synergies**
- **Strengthen M&A process to maximize ROI**
 - Form and develop an M&A team
 - Conduct rigorous review and discussions at Management Council and Investment Evaluation Committee meetings
 - Board of Directors review (before and after investments)
- **Establish a management framework to ensure effective post-merger integration (PMI)**

1. Accelerating Growth through Disciplined Investment | Cashflow Allocation Policy

Use financial leverage to invest in strengthening domestic core earnings base and transform portfolio, with the aim of maximizing future free cash flow

Cash Allocation Policy for the 5-year Period FY2027/3-FY2031/3

(Billion yen)

Raising capital

Operating cash flow

Cash flow generation driven by improved profitability in domestic core businesses and growth in overseas businesses

200~

FCF
maximization

100~

Investment in inorganic growth

M&A and other initiatives aimed at inorganic growth in overseas business and new areas

Growth investment

Capex to support both domestic and overseas business growth

Domestic: New factory construction (Kanto Factory)

Strengthen production of high growth *JagaRico*, corn-based snacks, etc.

Promote factory DX and investment for improving production efficiency

Overseas: Expand snack facilities in Asia

110~

70

Business continuity investment

Ensure stable continuation of business operations (addressing aging infrastructure, improving working conditions, etc.)

45~

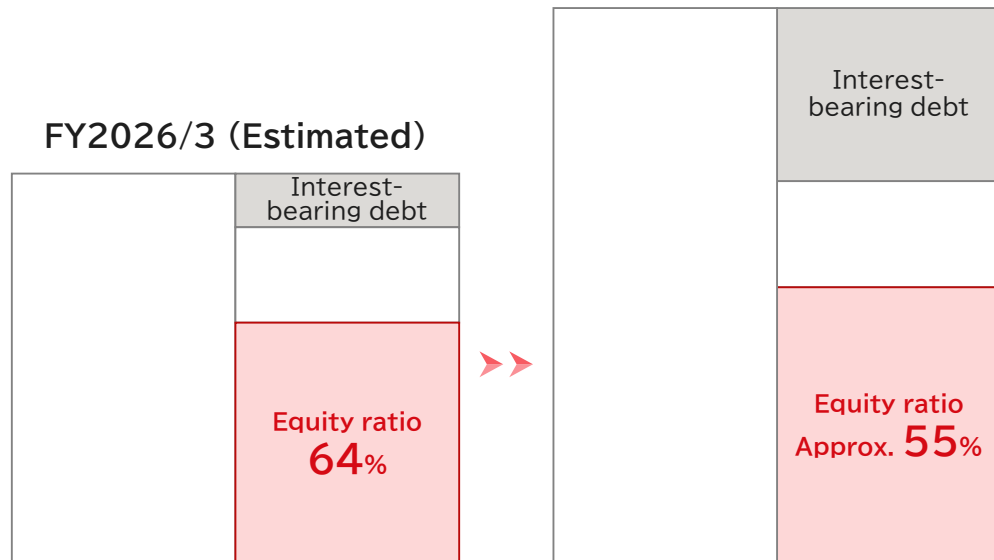
Shareholder returns

- Introduce a progressive dividend policy based on an annual increase of at least ¥3 per share
- Consider flexibly share repurchases depending on progress of growth/continuity investment

1. Accelerating Growth through Disciplined Investment | Optimal Capital Structure

Equity ratio of approximately 55% represents optimal medium-term capital structure
Expect it to reduce cost of capital by approximately 1%

Optimal medium-term capital structure



Projected cost of capital
7% (at present)

Approx. 1pts decrease
in cost of capital

Implementation Measures

- Leverage debt for growth investment and M&A
(Ensure financial soundness with a net D/E ratio cap of 0.5x)
- Shareholder returns through progressive dividend

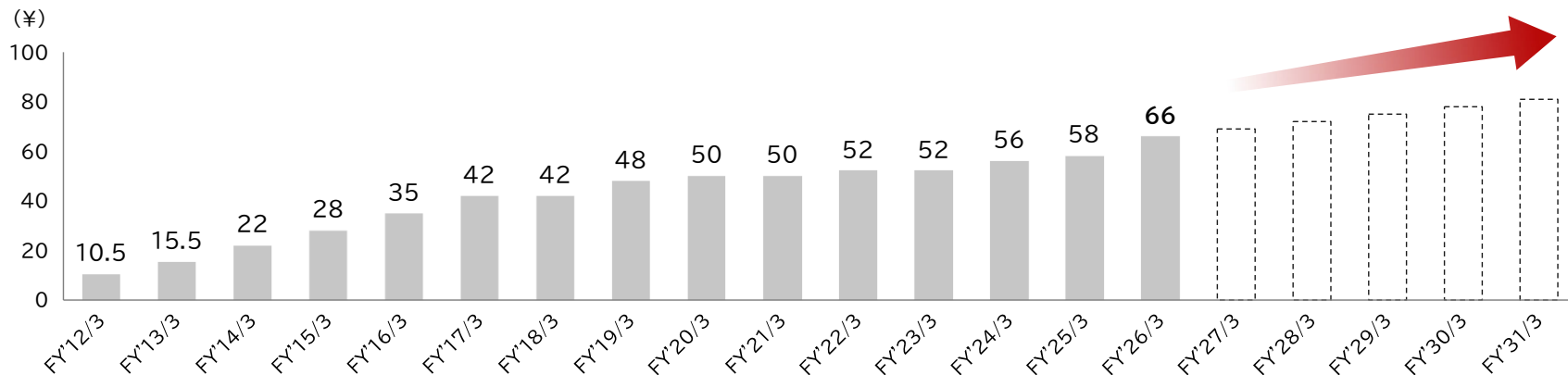
2. Providing stable and disciplined shareholder returns

Based on our track record of maintaining or increasing dividends since our listing, we have shifted to a progressive dividend policy with a clearly defined floor

Shareholder Returns Policy for the 5-year Period FY2027/3-FY2031/3

- **Introduce a progressive dividend policy assuming an annual increase of at least 3 yen per share**
- Consider flexible share buybacks depending on the progress of growth/continuity investments

■ Dividend per share over time



3. Earning the Trust of Shareholders/Investors and Fostering Growth Expectations

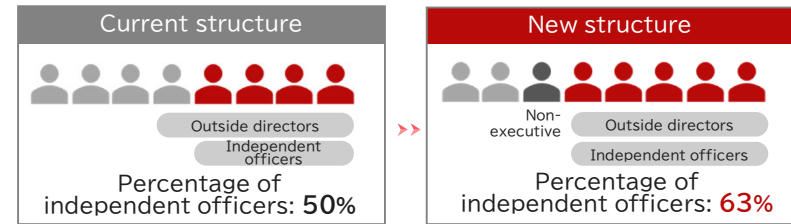
■ Strengthen IR and SR activities

- Enhance information disclosure and expand dialogue
 - Proactive dialogue by management (CEO/CSO/CFO)
 - Create opportunities for dialogue by outside directors
 - Hold IR events hosted by divisions responsible for the business
 - Hold briefing sessions for individual investors
 - Disclosure of event materials in Japanese and English
- Provide feedback to management
 - Reporting/discussion at the Board of Directors meetings, etc. each quarter or as needed
- Promote understanding of capital markets by enhancing internal IR activities
 - Attend financial results briefings and interviews
 - Hold IR study sessions

(Reference) Investor Relations > IR Documents > Progress in Dialogues with Shareholders and Investors
<https://www.calbee.co.jp/en/ir/library/>

■ Strengthen corporate governance

- Added one outside director, shifting to a structure in which independent officers constitute a majority



- Reviewed the skills matrix, and added two directors with expertise in corporate finance and engagement with capital markets
- Introduced a share price indicator (relative TSR) as an evaluation indicator for executive compensation

- 2035 vision and Growth strategy

<https://www.calbee.co.jp/en/ir/management/vision/>

- Growth strategy, "Accelerate the Future"

[https://www.calbee.co.jp/en/ir/pdf/2026/Calbee growth strategy.pdf?202604](https://www.calbee.co.jp/en/ir/pdf/2026/Calbee%20growth%20strategy.pdf?202604)

- Growth strategy briefing

[https://www.calbee.co.jp/en/ir/event/growth strategy/](https://www.calbee.co.jp/en/ir/event/growth%20strategy/)

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Harvest the Power of Nature.