Summary of main questions and answers at the business performance presentation of the six-month period ended September 30, 2023

<Date and time> 15:00 - 16:00, November 2, 2023

Q. Why did you raise the target consolidated payout ratio to 35%? Couldn't you have gone further? Do you plan to be more aggressive with share buybacks than before, so as to reach the ROE target?
Also, what was the background behind the share split decision?

A. - To increase the appeal of our stock as an investment target and to expand our investor base, we decided to increase dividends and reduce the investment unit so that it is easier for individual investors to invest.
- We may make large investments in the future, and some internal reserves are necessary. We chose 35% to strike a balance between growth capital and returns.
- The acquisition of treasury stock will be done in the same attitude as previously, depending on the situation.

Q. Will you keep same level of dividends even if profits decline in the future, for instance with an appreciation of the yen?

A. - The basic target is a consolidated dividend payout ratio of 35%. However, stable dividends are also important.
Decisions will be made based on the prevailing situation.

Q. In addition to the increase in the consolidated dividend payout ratio target, the stock split, and the introduction of a stock incentive program for employees, the consolidation of Nippon Del Monte plants has also heightened your company's awareness of corporate value and stock price.
What is behind these changes?

A. - The announcement of several measures coincided, but it is not as if our awareness increased only recently.
- We have been aware of ROE and stock prices for about 10 years and have taken a number of steps to date to increase productivity and improve profit levels.
- As for the restructuring of the production system, prior to the announcement of the consolidation of Nippon Del Monte plants, we announced the construction of a new factory in Noda City, Chiba Prefecture, which is scheduled for completion next spring.
- Regarding measures related to capital, the denominator of ROE, and shareholder return, we have traditionally implemented flexible purchase of treasury stock.
We will consider purchase of treasury stock, depending on the situation.

Q. What is the competitive advantage of Kikkoman soy sauce overseas?

A. - High quality and a strong relationship of trust with customers based on this quality. These are also linked to the strength of the brand. By honing these strengths, we will continue to boost our competitive advantage.

Q. Overseas Soy Sauce Business In Q1, the North American and European Soy Sauce businesses seemed to be struggling on a volume basis, but what was behind the improvement in Q2? What is the outlook for future volumes?

A. - To improve profit margins, we instituted several price revisions in each area, resulting in a slowdown in volume growth. We have seen this trend in past price revisions, but effective marketing subsequently has allowed the company to return to its previous pace of growth.

- The same is true this time around, and with the environment now conducive to sales promotions, the strength of orders has returned in Q2 of this fiscal year. To continue this momentum, from the second half of the year, we will focus on sales growth and step up advertising and sales promotion.

Q. The business profit margin for European Soy Sauce business used to be in excess of 30%. This year, the company expects the ratio to drop to 17.5% in the second half of the year, compared to 29.4% in the first half of the year. If sales recover in the future, will it be possible to return to 30% or more?

A. - Sales growth is necessary to generate further profits in the future. From the second half of the year, we will focus on sales growth and bolster advertising and sales promotion. This will mean the profit margin will be lower than it was in the first half of the year.

- After sales recover in the next fiscal year and beyond, we would like to aim for a profit margin of 30% or more.

Q. The business profit margin for North American wholesale is close to 8%. Can this level be maintained? And what about other areas?

A. - We would like to keep the profit margin as high as possible, but maintaining 8% will be difficult.

- In North America, the use of digital technology to visualize sales, expenses, etc. has improved profit margins.
We plan to horizontally expand this to other areas to improve their profit margins.

- In North America, sales growth is slowing while profit margins are high. From the second half of the fiscal year, we will focus on sales growth. It is possible that the profit margin will decline slightly.

Q. What is your digital strategy?

A. - We are utilizing digital tools in four main areas. The first is digital marketing.
We use digital tools to propose appropriate products and information to customers and for two-way communication.
The second is product development and R&D. We are digitizing our accumulated know-how for effective development.
The third is logistics. We are promoting data linkage with other companies to facilitate efficient delivery. Data utilization is also boosting the efficiency of warehouse operations.
The fourth area is production. We collect production-related data for more efficient manufacturing.
- In the wholesale business, we have been visualizing sales and expenses, etc. leading to an improvement in profit margins.

Q. Business in Japan. The recovery in earnings may have been delayed. Do you have any thoughts on further price increases?

A. - Raw materials and other costs increased, especially in the second half of the previous fiscal year. We expect to absorb cost increases through price revisions for a range of products from February to August this year, and expect to increase profits in the second half of the year.
- We will continue to consider price revisions, if necessary, depending on the situation.

End