

Summary of main questions and answers at the business performance presentation of the six-months ended September 30, 2021

<Date and time> 15:00 - 16:00, November 5, 2021

Q: Given rising raw material prices, do you have plans to revise prices in the Soy Sauce business?

A: Our basic policy is to absorb cost increases through corporate efforts such as productivity improvement. However, if we are unable to absorb them fully despite these efforts, our policy is to institute price revisions.

- Price revisions will be implemented gradually in North America, starting from November. Price increases will be three to six percent.
- We are considering price revisions in Europe.
- We are considering a number of measures in Japan to minimize the negative impact of surging raw materials prices.

Q: How serious is the impact of freight increases and logistic disruptions on the wholesale business?

A: The impact is unavoidable, but relatively speaking, we have been reducing it to a low level at this point.

- In the wholesale business, our basic policy is to pass on cost increases to prices.

Q: North American Soy Sauce business

Sales of home-use products seem to be performing strongly in comparison with those before the outbreak of COVID-19. To what degree did rises in the number of soy source users and demand per user contribute, respectively?

A: We think that both factors contributed equally.

Q: North American Soy Sauce business

Comparing the Q2 results with the Q1 results, I would say that the volume of sales from the North American Soy Sauce business are losing momentum. This looks the same with the forecast for the second half compared with the result for the first half. What are the contributing factors? For Q1, I imagine that the strong result primarily reflected a temporary rise in orders from restaurants due to the easing of business restrictions.

A: The effect of the product mix of home-use products, whose unit prices are high and foodservice-use products with low such prices, also contributed significantly. The sales volume of products for home-use, which increased sharply in the first half of the previous fiscal year, hit a plateau and started to decline in the first half of the current fiscal year, while products for foodservice-

use were growing. We therefore mentioned an increase of approximately 3% of the sales amount for the Q2 result and forecast for the second half, respectively.

Q: European Soy Sauce business

What is the background of the rise in sales by as much as 20% in the second quarter? What is the reason for the expected slowdown in the second half? Is it because sales are not expected to grow any further due to the shortage of production capacity to satisfy demand?

A: With economic activities restarting, demand for foodservice-use products recovered, and in addition, demand for home-use products continued to grow. Recipe proposals and other efforts have been working effectively to address an increase in the number of trials of home-use products due to lockdowns in particular.

- We expect that growth in the second half will be slower than in the first half. Given higher growth in the second half of the previous year and considerable uncertainty, such as the slow easing of restaurant business restrictions in Europe compared to the United States and an increase in COVID-19 infections, we do not have very optimistic expectations.
- We don't have much extra production capacity. However, this will not prevent growth in the second half, given a system established for the continuous supply of products to the market. We are also considering moving up investment to ramp up production at our factories.

Q: Please describe your initiatives in Brazil.

A: We acquired Azuma Kirin Indústria de Bebidas e Alimentos Ltda. at the end of March 2020 (the company was renamed Kikkoman do Brasil Industria e Comércio de Alimentos e Bebidas Ltda in April 2020). Starting from this year, we will produce and sell *Honjozo* (traditionally brewed) Kikkoman soy sauce in Brazil. Although we don't expect significant growth in sales in the near future, we are taking steps to put the Soy Sauce business on a growth path in the 2020s in South America according to the Global Vision 2030.

Q. You recently (October 19) announced the construction of a new plant in Japan. Please describe your stance on the reestablishment of production system in Japan.

A: We are not expecting existing products to grow significantly in Japan. We will construct a new plant and establish production lines for high value-added products through a scrap-and-build approach, thereby further improving productivity.

- The cost of equipment will rise due to the new plant construction, but we will be able to more than offset it by improving productivity.

Q: What is your stance on improving ROE and the use of cash?

A: Our stance for both remains basically unchanged from the policy in the previous medium-term management plan.

- Our basic stance is to further improve ROE by raising the ratio of operating profit.
- Regarding cash, we will prioritize investments in growth areas while also working on stable dividend payments for shareholder returns.

Q: What are the themes of the next medium-term management plan?

A: Overseas, we will increase profitability by enhancing competitiveness while simultaneously seeking to grow.

- In Japan, we will increase profitability, particularly by improving productivity.
- We will announce details on specific measures around the spring of next year.

Q: What is the source of your strength of properly managing operations amid a significant change in management conditions in the overseas market, such as sharp increases in personnel expenses and logistics costs and the disruption of supply chains, among other factors?

A: We think that the current overseas operations are attributable to initiatives for full-scale management localization that have been underway since the full launch of overseas marketing in the 1950s. On top of that, we think that they are built on efforts that have been made in both the Soy Sauce business and wholesale business to work with employees seriously, improve business productivity and facilitate lean and agile corporate management.

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