

Summary of main questions and answers at the business performance presentation for the year ended March 31, 2023

<Date and time> 16:30–17:30, April 27, 2023

Q. How will your management structure change?

What leadership approach will the COO, Mr. Nakano take as new CEO?

A. • Shozaburo Nakano, the current COO, will become new CEO, and Noriaki Horikiri, the current CEO, will take up the role of offering comments and advice to the new CEO and executives.

• Our strength lies in the fact that we have been offering high-quality products based on traditional technologies refined over many years and the fact that we have encouraged the international exchange of food culture outside Japan.

Going forward, we will continue building our strength and step up our attitude of taking on new challenges.

For this purpose, we will be working to forge a corporate culture in which individual employees will proactively display their potential, try different things and achieve personal development.

Q. **North American Soy Sauce business**

Why was this conservative forecast made?

A. We want to outperform the forecast announced if possible. However, the outlook for the U.S. economy is uncertain. At this point, therefore, we are working towards reaching the forecast we have announced.

Q. **North American Soy Sauce business**

Sales volume seems to me to be weak both in terms of the performance and the forecast. What changes are occurring in the market environment?

A. The market environment is not particularly adverse.

The normal pattern is for growth in sales volume to slow temporarily after a price revision and for the growth rate to start to rally around the following year. We believe that this will be the case again.

Q. **European Soy Sauce business**

What is behind the revenue drop for fiscal 2023?

Around when will it return to a growth track? What measures will you be taking for that?

A. • There are four main reasons for the revenue decline:

- (1) We were unable to conduct ordinary sales promotion because of negotiations for price revisions.
- (2) The economic circumstances deteriorated and consumer sentiment chilled.
- (3) The easing of business restrictions on restaurants meant more opportunities for consumers to eat out and so decreased sales of products for home-use.
- (4) Shipments to Russia have stopped.

- Price revisions in Europe started in May 2022 and in December 2022. Then, they were successively implemented. They had already been implemented as of April 27, 2023. For fiscal 2024, we believe we can increase sales by carrying out sales promotion activities at stores as usual.
- However, it will take some time before revenue returns to the growth track. We will aim to reach the forecasted figure on a full-year basis.

Q. North American wholesale business

What is your future outlook for the profit margin?

- A. • The profit margin increased during the COVID-19 pandemic. There are two reasons. One is that we made our own efforts to increase productivity. The other is that we were relatively successful in retaining our advantage amid turmoil in marine transportation and other factors.
- We will continue our efforts to boost productivity and customer satisfaction with the use of digital technologies and information to attain the highest possible profit margin.
 - The figure was traditionally around 5% and it is now in the level of 7%. We expect that the easing of disruptions in marine transportation and other factors will reignite price wars and gradually move the profit margin down. We will first aim to keep the profit margin in the level of 6% depending of the situation.

Q. Forecast for business in Japan

You seem to expect some effect of increasing revenue from price revisions. Don't you expect any shrinkage in sales volume? And what is your outlook for improvements in the profit margin?

- A. • Our forecast takes a contraction of sales volume into account to some extent. We expect that the price revision effect will help us meet the performance target, provided that the new prices are entrenched and that they do not significantly reduce the sales volume.
- From February to April, price revisions were conducted for a wide range of items, including soy sauce, soy milk, Del Monte products and *tsuyu* (soy sauce soup base).

We are monitoring changes in the wake of the price revisions. So far, they are within our expected range.

- Going forward, we will step up sales promotion activities that stress value. With these activities, we will win broad acceptance about them with the aim of minimizing the slide in sales volume.
- In addition, we will strive to improve productivity and to cut costs with a view to fulfilling the Japan business profit margin target set in the Medium-Term Management Plan.

Q. Forecast

What are the preconditions for raw material expenses?

- A. • The recent raw materials market was becoming slightly weaker, but we determined the preconditions on the basis of market prices in the fourth quarter of fiscal 2023.
- In Japan, performance does not immediately reflect market trends. In many cases, prices of processed raw materials rise around half a year after market prices of raw materials that are processed into products rise. We foresee that the market price hike in the previous year will have some impact on the performance for the current fiscal year. We have also taken into consideration the trend towards a weaker yen.

Q. Forecast

What is behind the decrease in Other Income and Expenses?

- A. We have taken into account risk factors including occurrence of the loss on sale of equity interest relating to the event that the Flash Report refers to on page 18 as Changes in Subsidiaries due to Transfer of Equity Interest in the Section of Material Subsequent Events.

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