Summary of main questions and answers at the business performance presentation for the year ended March 31, 2024

<Date and time> 5.00 p.m.–6:00 p.m., April 26, 2024

Q. Question about the next medium-term management plan:
I understand that fiscal 2025 will be the final year of the current medium-term management plan. So what is your approach for your businesses overseas in the next medium-term management plan?

A.
- We are currently drafting the next medium-term management plan along with the following direction:
- We expect stable growth in the North American Soy Source business. To respond to diversified product needs, we will build a third U.S. plant equipped with both high productivity and multi-product producing lines. In the next 10 years, our production capacity will increase by 30% to 40% from the current capacity.
- We see the European market has the potential of double-digit growth.
- As to Asia and Oceania, we expect continued high growth in ASEAN countries.
- The wholesale business is promising as it has huge potential and is expected to continue growing at a high rate.

Q. Question about the Noth American and European Soy Source businesses:
According to the forecast for fiscal 2025, you expect North America and Europe to grow at 4% and 7%, respectively. I thought these figures were a bit too low. Please share with us your thoughts.

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- In the North American business, we aim for stable growth at a high level. This is why we have projected the growth rate ranging from 4% to 5%. Meanwhile, our growth until fiscal 2024 is attributable to an increase in selling price; however, for fiscal 2025, we do not factor a price increase effect in both the North American and European businesses, but expect to achieve growth on a volume basis.
- In the European business, we successfully achieved substantial growth in sales for Q4 of fiscal 2024, thanks primarily to our efforts to enhance marketing effectiveness. As the economic environment remains unstable, we cannot be too optimistic about our performance for fiscal 2025. Nevertheless, we are seeing a gradual recovery in the strength of orders in each country, and want to return to a stable, double-digit growth trajectory as soon as possible.

Q. Question about sales in the North American wholesale business:
Despite weak performance for Q4 of fiscal 2024, what is your rationale behind the forecast of a recovery in fiscal 2025?

A.
- In the United States, consumers are still tightening their belts slightly. In particular, in the first half of fiscal 2024, expensive Japanese restaurants faced a slowdown in customer traffic, resulting in sluggish growth in sales.
- While the business enjoyed growth in volume in fiscal 2024, a decline in sales was attributable to lower selling prices due to a fall in the purchase prices of some products.
- We do not expect a further decline in purchase prices in fiscal 2025. Furthermore, with the impact of the falling prices subsided, sales volume is currently on a rise. We therefore forecast growth in sales.

Q. Question about profit margin of the North American wholesale business:
What was behind the rise in profit margin in fiscal 2024? What is your outlook for fiscal 2025?

A.
- In fiscal 2024, we experienced a fall in the purchase prices of some products, which temporarily contributed to profit margin improvement. In addition, our efforts to promote the visualization of management data through DX led to improved productivity as well as increased cost awareness among branch manager-level personnel at local subsidiaries. This also helped improve profit margin.
- While sales for fiscal 2024 were on par with the previous fiscal year, we place more focus on sales growth for fiscal 2025, which is likely to result in an increase in costs. We also expect a possible downtrend in selling prices going forward as there is a time lag before the fall in purchase prices in fiscal 2024 is reflected in selling prices. With these factors, we expect to have difficulty going forward in maintaining the profit margin achieved for fiscal 2024.
- With that being said, we see no signs of decline in profit margin as there is no fierce price competition at present. So what we want to do is to maintain a profit margin of 8% with an emphasis on sales, even while costs are rising.

Q. Question about the price strategy in Japan:
Are you planning another price revision?

A.
- While we have revised prices of Del Monte and some other products in April, there are no immediate plans for the next price revision.
- Our utmost priority for fiscal 2025 is to restore sales volume after a decline owning to the previous price revision. In doing so, we want to return to pre-COVID profit levels.

Q．Question about the soymilk business in Japan:
What is your outlook for fiscal 2025?

A．- In order to return the business to a growth trajectory, we will demonstrate the value of our soymilk products, “good taste and good for health,” to customers through such means as TV commercials, the internet, and events.
- Recently, sales are showing signs of moderate improvement.

Q．Please share with us what your ideal balance sheet should look like.

A．- Cash and deposits at the end of fiscal 2024 increased due mainly to strong sales.
- In our funding strategy, we are placing the first priority on investments to improve our growth potential and productivity. In fact, we see demand for funds of a reasonable size to construct a third U.S. plant and to make capital expenditures for productivity improvement.
- While we currently have a low level of liabilities, a large investment in, for example, M&As will increase that level. We have maintained the current level of cash and deposits for the purpose, in part, of providing for such possible M&As and financial instability.
- While we currently have no plans for another share buyback, we will implement it in an agile and flexible manner in light of future funding needs and market environment.

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