Summary of main questions and answers at the business performance presentation for the year ended March 31, 2025

<Date and time> 5:00 p.m.–6:00 p.m., April 28, 2025

Q. How do you assess the impact of Trump’s tariffs on your business?

A. - We do not expect tariffs to affect the Soy Sauce Business in North America, as it produces and sells locally.
While we may gain a slight edge over competitors that import soy sauce, we need to wait for a while to see how things develop.
- We expect the North American wholesale business to see an increase in sales but no changes on profit, assuming the tariff-induced cost increases of up to 25 billion yen as currently estimated will basically be passed on to prices.
We believe we have a higher local procurement ratio than the industry average, and no tariffs will be imposed on these items.
The impact of tariffs on demand remains uncertain; however, our sales are well balanced between retail and foodservice sectors. This allows us to grow even if the economy slows and consumers shift to eating at home, as we can capture increased demand for Japanese food in the retail market.

Q. Question about the North American wholesale business:
What is the current business environment? And what is your outlook for the business profit margin for the future?

A. - While we have not seen any major changes in the business environment so far, the situation is changing day to day, with executive orders coming out in quick succession. We would like to closely monitor how this will affect consumer sentiment.
- The business enjoyed a very high level of profit margin for the past two years or so, but is currently undergoing an adjustment phase.
Given the competitive environment, we are proactively pursuing measures to expand sales with a focus on sales growth.
- Previously, the profit margin was around 4% to 5%, and we have increased it by several percentage points through efforts to improve productivity. For the final year of the medium-term management plan (fiscal 2028), we expect a profit margin of around 7%, excluding the impact of tariffs of up to 25 billion yen as currently estimated.

Q. Question about the Soy Sauce Business in Europe:
Its profitability declined in the second half of fiscal 2025. What is your outlook for the next term?

A.
- While sales achieved double-digit growth in fiscal 2025, profit did not grow sufficiently.
- The home-use sector in Europe experienced a shift in demand toward larger packaging sizes such as 500 ml and 1 liter. While this is desirable trend for us, the rapid change in demand put pressure on the manufacturing capacity of our plant in the Netherlands. As a result, we procured some products from Japan and other locations, which significantly increased costs.
- We have been making capital investments to enhance product supply capacity, with gradual improvements seen since the fourth quarter of fiscal 2025. Some impact is likely to remain through the first half of fiscal 2026, but we expect a recovery thereafter, with improvement in profit margin in the second half.

Q. What is your stance to ROE going forward?

A.
- The new medium-term management plan targets ROE of 12% or higher. During the period of the new medium-term management plan, depreciation and amortization will increase by 10 billion yen or more on a consolidated basis (when comparing fiscal 2028 plan with fiscal 2025 actual), partly due to capital investment in the third U.S. plant and its operational launch. Additionally, profit margin in the North American wholesale business will remain in an adjustment phase. Therefore, we do not expect the business profit margins to rise over the medium-term management plan.
  We aim to achieve ROE of 12% or higher through profit growth combined with efficient capital utilization.
- After that, we aim to achieve 15% in fiscal 2031 or later.
  We expect to see an improvement in profit margins as our investments start to yield results, and at the same time, we will work to improve capital efficiency.

Q. Question about the Soy Sauce Business in North America:
Depreciation during the medium-term management plan period appears to be high. How do you envision business profit trending during the medium-term management plan period?
What are the reasons that slowed sales growth in the fourth quarter of fiscal 2025?

A. - Due to the high amount of depreciation and amortization during the medium-term management plan period, we expect the profit margin in the final year of the plan (fiscal 2028) to decrease, despite a higher amount of profit compared to fiscal 2025.
We anticipate a recovery in profit margin in the next plan after the next medium-term management plan (from fiscal 2029), should the facilities up and running smoothly.
- Growth rate slowed in the fourth quarter of fiscal 2025, due to timing difference in shipment of some foodservice-use products.
This is a temporary factor and we do not see any major changes in demand.

Q. Earlier, you provided a benchmark of keeping cash and time deposits at around 100 billion yen. What is the basis for this target?
And do you intend to return any excess to shareholders?

A. - Since soy sauce is produced through brewing, cash remains tied up as inventory for long periods of time, and the amount of inventory is large, posing a risk in times of economic downturn. We set the benchmark after considering the need for contingency funds for business downturns and M&A deals, and the fact that we have interest-bearing debt of approximately 60 billion yen.
- This does not necessarily mean we are committed to maintaining approximately 100 billion yen at all times; but rather, it is the upper limit we have in mind.
If a large investment opportunity arises, we may draw down cash and deposits, or increase borrowings as necessary.
- Any surplus funds will be preferentially invested in growth and productivity improvements or M&A. We will consider acquiring own shares if the surplus still remains.
We have decided to acquire up to 20 billion yen worth of own shares during the current fiscal year, but no plans have been made beyond that.

Q. I would like to hear your views on the governance system.

A. We plan to increase the number of outside directors, bringing their total to exceed the majority of the Board (7 out of 13).
In addition, more women and foreign nationality members will sit on the Board, increasing its diversity. We believe this will lead to active exchanges of opinions, thereby greatly benefiting us in formulating growth strategies.

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