

FY2023/3 Q1 Results Presentation Q&A

August 2, 2022

Domestic Business

Q1: Are there any changes in the effect of price and content revisions from the forecast at the beginning of the period?

The effect of revisions in Q1 was 0.59 billion yen, almost in line with the plan. Demand remains high, and there is no change in sales volume from before the revisions. Therefore, at this point, there is no change to the forecasted effect of 7.2 billion yen for the full period.

Q2: What is the outlook for raw material cost increases?

The impact in Q1 of domestic cost increases was 2.3 billion yen, almost in line with the plan. While the unit price of palm oil has fallen, the yen continues to weaken. There is no major change from the forecasted 9 billion yen annual cost increase in raw material and energy prices.

Q3: What is the yield of Hokkaido-grown potatoes expected to be?

There are no issues with planting and growth so far, so we expect yields to be as planned. We hope to increase the yield this year, but as this is contingent on weather conditions, we will closely monitor the situation.

Q4: How is the recovery of gift snack items?

Q1 sales totaled 2.04 billion yen, up 0.9 billion yen YoY and 0.3 billion yen from the forecast. Sales are recovering due to domestic travel demand as well as proactive promotion at events and product exhibitions.

Overseas Business

Q5: Is it correct to assume that the strong performance in North America will continue?

Harvest Snaps are strong and sales volume is increasing even after price revisions. Sales are growing at major customers, supermarkets, and dollar store channels, the latter of which was expanded last year. Prices of *Harvest Snaps* were raised by about 20% but they are still seen as affordable compared to other companies' products in the "Better for you" category. The taste is also highly rated. The second price increase is scheduled to be implemented in Q2. We believe that the strong performance in North America will continue and make up for the shortfall in other regions.

Q6: What is the outlook for Greater China in Q2 and beyond?

In Q1, lockdowns delayed the launch of some products, including muesli. From Q2 we will implement sales promotions and aim to improve profitability through sales expansion. In cereals, we aim to strengthen sales of *Frugura Less Carbohydrates* and muesli, and in snacks, we aim to strengthen sales of products in the Baby & Kids category.

Q7: What is the status of price revisions in other overseas regions?

We have already raised prices of mainstay products in each country we operate in. In the U.K., prices have been raised at a higher rate than in other countries, but sales volume is growing. In Indonesia, we had planned to raise the price of snack products only but decided to implement an unplanned rise in the price of potato chips as well following price increases by competitors. We will move forward with the second round of price increases in each country.

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