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FY2023/3 Q3 Results Presentation Q&A
February 6, 2023

Q1: What is the outlook for the effect of price revisions and the impact of higher costs in Q4 (January-March)?
The effect of price revisions in Q3 (October-December) was 3.9 billion yen, an increase of 1.1 billion yen vs the plan. This was because we brought forward some revisions (from January to November) and implemented revisions for private brands and other products that had not been specifically planned at the beginning of the period. In Q4, the effect of price revisions is expected to be higher than initially planned, but smaller than that of Q3.
The impact of higher costs in Q3 was 3.4 billion yen, approximately the same as the 3.5 billion yen forecast when the Q2 results were announced (based on the exchange rate assumption of 148 yen = $1). The impact of higher costs in Q4 is expected to be less than a billion yen below the forecast.

Q2: What is the outlook for the effect of price revisions and the impact of higher costs in FY2024/3?
The amount of higher costs has not been finalized. However, there are no major changes from the forecast issued when the Q2 results were announced. Although there are benefits from the stronger yen, costs for packaging, etc., rose.
As for the effect of price revisions, it has not yet been decided how to incorporate sales volume fluctuations due to price revisions into the plan and details will be explained at the time of the full year financial results announcement in May.
The price revisions for implementation in June 2023 are designed so that all higher costs known when the decision was made are passed on in prices.

Q3: What is your internal assessment of the price revisions implemented in September?
Sales volumes of *Potato Chips* and *Jagarico* rose by 5% and 10% respectively (see financial results presentation, p. 3). There was a good potato harvest in Hokkaido, allowing us to conduct sales promotion activities with peace of mind, and the measures taken to prevent a drop in sales volume were successful. Another reason for the higher sales is that snacks are an affordable product group, while the prices of other food products are also rising.

Q4: Will domestic labor and advertising expenses continue to increase?
Labor costs are set to increase as it is becoming increasingly difficult to hire people. On the other hand, we are building a production system that can be operated with a smaller workforce due to advances in automation. Advertising expenses are set to increase so that we can raise brand value, but we will control rebate, etc., deductions..

Q5: Can the underperformance in Greater China be attributed to macro factors? Do you expect significant profit growth from FY2024/3?
Not entirely, but we consider the macro factors to be significant. Sales and product strategy did not develop as planned due to the lockdown and resurgence of COVID-19. The market is expected to normalize, but a sense of uncertainty remains. Once the macroeconomy recovers, we believe we will be able to grow by conducting marketing activities.
Regarding from FY2024/3, we believe the investment phase will continue for some time, although it depends on the strategy.

Q6: What is the outlook for the overseas business in Q4?
Overall, we expect the trend up to Q3 to continue. While North America and the UK are performing well, Greater China and South Korea continue to underperform the plan. The overseas business as a whole may fall short of the full-year plan by around 1 billion yen, but we expect the shortfall overseas to be offset by the effects of price revisions exceeding the plan for the domestic business.

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