

## FY2024/3 Q1 Results Presentation Q&A

### August 3, 2023

#### **Q1 What are the sales trends since the June 2023 price revisions were implemented for domestic snacks? What is the context of those trends?**

Snacks as a whole are coming in within expectations. For *Potato Chips*, the third price hike has pushed the in-store price into triple digits, and sales volume temporarily declined due to the relative price of competitors' products. However, supplemented by strong demand in snacks, sales volume increased more than planned for Q1.

Also, *Potato Chips*' sales have recovered from the second half of July.

#### **Q2 Please provide a breakdown of the JPY0.7 billion increase in operating income as compared to the plan.**

Domestic business was JPY0.4 billion worse off due to soaring costs but exceeded the plan by JPY0.7 billion due to a JPY0.8 billion increase from the effect of price revisions and sales volume growth.

Overseas business slightly exceeded the plan, as the lower-than-expected performance in North America was offset by gains in the U.K., Greater China, and Indonesia.

#### **Q3 What are the factors behind the higher-than-expected effects of price and content revisions and soaring costs in Japan? What is the outlook for Q2 and beyond as compared to the plan?**

The effect of price and content revisions is higher than expected due to sales volume growth, sales distribution effects, and an increase in the number of items covered. Soaring costs are mainly due to the weak yen and we expect that they will be absorbed by price revisions in Q2.

#### **Q4 Sales in North America and Greater China declined in Q1. What is the outlook for overseas operations going forward?**

In North America, the trend of declining sales of PB and OEM products is expected to continue, but full-year operating income is on target due to measures such as fixed cost reductions.

In Greater China, both e-commerce and retail store sales are in a difficult situation. The overall food market is declining somewhat, and sales in the cereal market decreased in reaction to lockdowns last year. To address supply risk, the company is considering manufacturing in China or importing from Thailand and Korea.

#### **Q5 Please tell us about the progress of investments and their future outlook.**

In Japan, sales promotion expenses are lower than expected, but investments in human resources and new areas are proceeding as planned. We will make additional marketing investments in the future.

Overseas business is a growth area, and we will continue to make proactive investments as planned. We are carefully discussing our approach for Greater China, keeping a close eye on the market environment and trends.

#### **Q6 Please tell us about the progress of SKU reduction.**

We are working as planned to reduce the number of SKUs by 300 by 2025.