

FY 2025/3 Q3 Results Presentation Q&A

February 6, 2025

Q1 What is your outlook for the overseas business? Do you think it will be difficult to achieve the full year forecast?

We initially expected to hit our full-year forecast for the overseas business, but based on recent performance now expect to fall short. The impact of initiatives in Greater China are starting to take effect, and we are working to improve the profitability of our overseas business as a whole. In our domestic business, we expect to exceed the forecast due to factors such as increased sales volume and the effects of S&OP. With that in mind, we will aim to achieve our company-wide forecast.

Q2 Why has sales growth in Indonesia slowed compared to H1?

Due to a poor yield for potato chips, we were unable to ship enough. As *Guribee* is growing, momentum will recover if the production of potato chips recovers.

Q3 What is your outlook on the competitive environment in the domestic snack market?

We have established a competitive advantage in the domestic market, and do not expect to see any major changes in the competitive environment. We will continue to work to strengthen our brand and will respond to rising costs by strategically selecting targets and timing for price revisions. We will also work with producers to ensure a stable supply of potatoes.

Q4 Why did you choose to revise *JagaRico* and gift snack item prices? Do you have plans for price revisions of other products?

Leveraging P&L by SKU and marketing data analysis through S&OP, we targeted products with strong brand power such as *JagaRico* and gift snack items.

We plan to counter rising costs through price/content revisions. In June 2024, we implemented selective price revisions and were able to achieve sales and sales volume that exceeded expectations. We would like to further strengthen this in the next fiscal year and beyond. We will continue to selectively decide which products will undergo price revisions and when.

Q5 When will the Setouchi Hiroshima Factory contribute to earnings?

Currently, production lines for *Potato Chips* and *Jagabee* are in operation. Next, we will increase production of snacks and *Kata-Age Potato* and ramp up in stages. Over the next fiscal year we will improve productivity by utilizing state-of-the-art production facilities, promoting automation and labor saving, and further streamlining the supply chain through S&OP.

Q6 Overseas, there is some variation in performance from region to region. What is your outlook for the future?

We believe that the breadth of our overseas portfolio is expanding and that we are recovering well overall. We will work on improvements in the underperforming UK and Indonesian markets during the current fiscal year, and strive for recovery in the next fiscal year. We believe that by first aiming for sales growth, profits will follow.

Q7 Can the high sales growth in the US this fiscal year be maintained in the next fiscal year and beyond?

Sales to our main customers are firm. With both distribution expanding and turnover rising, we believe that sales growth will be possible next fiscal year too.

Q8 What is your outlook for the next fiscal year?

We expect operating profit to level off next fiscal year due to an increase in depreciation expenses, but we are aiming for EBITDA growth. The cost environment is becoming more severe than initially expected, and there are many uncertainties about changes in the next fiscal year, but our basic approach remains the same.