

FY2026/3 H1 Results Presentation Q&A

November 5, 2025

Q1. In response to higher costs, the effect of improved sales unit prices was lower in Q2 compared to Q1. Why?

There have been no major changes to our price/content revision strategy. Due to the intense summer heat, customer traffic and snack demand decreased, leading to a temporary drop in sales. As a result, the effect of the revisions was smaller than anticipated. However, sales volumes are already recovering, and cost increases for raw materials and energy expenses are progressing in line with forecasts.

Q2. How is it that domestic sales in H1 were higher than projected, while operating profit failed to reach its target? Specifically, what was different between Q1 and Q2?

There were two major factors. First, while sales volume exceeding the forecast in Q1 did allow us to recoup fixed costs, Q2 sales volume did not meet our target, preventing us from fully covering the higher fixed costs. Second, since July, the number of tourists visiting Japan from certain regions has declined, impacting sales of the high-margin *Jaga Pokkuru* snack.

Q3. Please elaborate on the recovery measures being taken against the potato shortage. How long will the impact continue? Is there a possibility it could worsen?

To increase revenue, we will expand sales of products that do not rely on domestic potatoes, such as *Kappa Ebisen*. Cost controls will target all expenses, including a zero-based review of promotional expenses.

The impact of potato shortage in this fiscal year is largely under control. It is expected to continue into the next fiscal year, until the Kyushu harvest in mid-May, although we will explore measures such as further expanding procurement of imported potatoes.

Q4. What is the outlook for the overseas business in H2?

In Europe and the Americas, cost pressure and intense competition in the UK will persist, while we expect sales momentum in North America to pick up in H2. In Asia and Oceania, Indonesia is expected to see continued cost increases, though we see conditions improving compared to H1. Higher than expected profit in Greater China and other regions will offset this overall.

Q5. What will be the themes and growth drivers of the new Medium-term Business Plan that begins next year?

The business plan is currently under internal review. Structural reforms are progressing, and we aim to achieve growth by further strengthening our domestic earning power and actively investing in overseas operations. We will also pursue discontinuous growth, with the realization of large-scale M&A in mind.

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