

[Key Q&A] Conference Call on Financial Results for the Third Quarter of 2021

[Company-level]

Q. What is the background of the forecasted decrease in Q4 operating income on an organic and currency neutral basis?

A. It is due to an increase in marketing investment as the market is heading for recovery and restrictions are being eased. The impact of soaring raw material prices is also larger than in the first half. We forecast a decrease in operating income in the three months period of Q4, but it is managed for the full year.

Q. What is your view on the soaring raw material prices during the year and into next year? What is your view on price increases of your products?

A. The soaring raw material prices have started to affect our business. We focus on topline growth and thoroughly implement revenue growth management (RGM), improving channel and container mixes to be specific. We will continue our cost management efforts as well.

We plan price increases for next year in Europe and the Americas, although the degrees differ from country to country. For Japan, it is an option to be carefully examined. We will first work on mix improvement and further supply chain cost optimization as part of our self-help efforts.

[Japan]

Q. Why did the unit price decline? Will it recover in Q4? How are you going to control the unit price for the next fiscal year?

A. Changes in the channel mix led to the unit price decline. The composition of supermarkets increased, while vending machines and CVS decreased relatively. As for the outlook, currently both vending machines and CVS are showing signs of improvement along with the recovery in the people traffic. We are basing ourselves on this trend in planning for the next fiscal year.

Q. Looking at your full year forecast, what are the factors involved in the downward revision to revenue and the upward revision to segment profit?

A. Full year revenue is significantly impacted by the decline in the cumulative revenue for the first nine months of the year, due to unfavorable weather in the peak season and the extended declaration of a state of emergency. On the other hand, we have an ambitious topline plan for Q4. With a recovery trend in the market, our sales

volume for the latest single month of October was up 10% year on year, allowing us to greatly shift to measures for boosting the topline. For segment profit, we will continue to improve the channel mix while growing the topline. In addition, our focus on cost management and structural reform in the vending machine business remains unchanged as we continue to pursue growth in segment profit.

[Overseas]

Q. Q3 situation of your topline in Europe. How has been the momentum of your core brands?

A. Unfavorable weather in France had a significant impact on us and the market similarly. Most recently, the three key European countries (France, the UK, and Spain) have been steadily trending. We will continue to invest in our brands and reform our cost structure to achieve even higher level of performance.

Q. Q3 situation in APAC. Your Q4 forecast says strong topline and decrease in segment profit. What is the background of it?

A. In Q3, Asia was impacted by the lockdown in Vietnam. Oceania as well was similarly impacted by the market environment. On the other hand, the health supplement business maintained its recovery trend.

In Q4, we will accelerate our marketing investment aimed at topline growth. Meanwhile, we forecast negative impact from rising raw material prices.