

[Key Q&A] Conference Call on Financial Results
for the fiscal year ended December 31, 2022

[Company-level]

Q. What will be the regional impact of raw material price hikes in the fiscal year ending December 2023?

A. We estimate the total impact to be about 60 billion yen, of which about 25 billion yen is in Japan and about 35 billion yen is overseas. We view the impact of energy prices as a risk overseas, particularly in Europe. We will work to reduce costs while promoting RGM, including price revisions, as we aim to increase profits.

Q. Question for the outgoing CEO, Mr. Saito. What have you not been able to accomplish during your tenure? What do you expect from the new management team?

A. I would like them to make sure that our organization continues to evolve. Everyone, including Ms. Ono, needs to visit the front lines of our business to make changes for the better. M&A will remain a work in progress when I step down. There is a lot of room for improvement, such as strengthening RtM (Route to Market).

Q. In your forecast, segment profit growth in each region appears to be flat year-on-year. What are your assumptions? To what extent have you factored in relevant elements?

A. We expect each region to be impacted by rising raw material and energy prices, but top-line growth will be the driver of our earnings. We will continue to respond flexibly to the situation through price revisions, etc., while aiming to grow both revenue and profits across the Company.

[Japan]

Q. Please summarize the trend after the price revisions last October.

A. The volume impact following the price revisions is estimated to be negative 3%. Beverage market sales volume in 2023 is estimated to decline 3% from last year, but we plan to grow 0.1%. The positive impact of the price revisions on segment profit is estimated at approximately 20 billion yen annually. The next price revisions scheduled for May are not included in our forecast as negotiations have not yet begun, but we will keep you informed in a timely manner. We estimate that its contribution for a full-year (12 months) will be slightly below the 10-billion-yen level.

Q. What is your approach to additional price revisions?

A. First, we will fully implement the price revisions starting in May and carefully evaluate customer response and sales volume. If the impact of raw material price hikes and yen depreciation intensifies, we will continue to make every effort and review price levels for all items.

Q. What is an appropriate profit margin? When will you be able to achieve it? What do you think determines it?

A. In the medium term, we would like to achieve a profit margin that is 3 points higher than the current level. In order to achieve it, we need to continue our marketing efforts to sell high value-added products at reasonable prices. I believe that we need to add more value in Japan. We want to lead the way in value creation.

[Overseas]

Q. Consumers in Europe seem to be affected by the significant increase in energy costs. What is your view on consumer behavior and the impact on sale volume?

A. Demand has been generally strong recently. Despite the series of price revisions we have implemented, demand has held up. However, tourism demand may decline in the future due to weakening consumer confidence. We are somewhat cautious about the trend in Spain, but the overall situation is not bad.

Q. Could you comment on the future of the health supplement business? We understand that inbound demand has been particularly strong for *Bird's Nest*, but how do you see inbound demand recovering in the future?

A. The renewal of *Essence of Chicken*, which accounts for the majority of the business's revenue, took place last October, and the outlook is improving. As you mentioned, inbound demand means a lot to the performance of *Bird's Nest*, so we have high expectations for the future. The health supplement business may seem to be in a bit of a difficult phase right after the price revisions, but consumer off-take is favorable and we are hopeful about its performance.