

[Key Q&A] Conference Call on Financial Results for the Third Quarter of 2023

[Company-level]

- Q. This is the last year of the medium-term management plan. What is your approach to growth investment/shareholder returns? What will happen if you do not make the 200-300 billion yen in growth investment as planned?
- A. Over the past two years, cost deterioration due to rising raw material prices has been a major issue around the world, and we have been greatly affected. We have given top priority to addressing the impact of cost deterioration and risk mitigation, but in the next medium-term management plan we will also make a comprehensive decision on the next phase of inorganic growth and shareholder returns. We will explain them again early next year.

[Japan]

- Q. What is your stance on additional price revisions for small PET bottle products? What are your assumptions for cost increases next year?
- A. The impact of cost increases next year, including raw material prices and logistics issues unique to Japan, is a risk, but we would like to make a balanced decision while keeping an eye on future demand in the domestic beverage market. We will continue to lead the industry in making decisions without hesitation, but at this time we would like to refrain from commenting on whether or not we will implement price revisions.
- Q. What are your immediate targets and goals? Are you aiming for operating income of around 54 billion yen?
- A. Returning to the operating income level of 2019 is an important point. The challenge is how to change our income structure through both price revisions and further top line growth while keeping an eye on demand. We cannot specify the timing for achieving the 2019 level, but it is a medium-term mission for our Japan business, and we will remain focused on achieving it.

[Overseas]

Q. What is the outlook for Vietnam and the health supplement business, which are currently stagnant, for the next fiscal year?

A. The beverage business in Vietnam has been affected by deteriorating economic sentiment. We are closely monitoring the recovery of the Vietnamese economy in light of the risks and expectations. It is important to strengthen our core brand activities and see how we can stimulate demand, but it is also true that the competitive environment is getting tougher. We will continue to intensify our measures to counter our competitors.

In the health supplement business, sales trends have recovered to the previous year's level, led by the mainstay *BRAND's Essence of Chicken*, and we will continue to stimulate demand in the fourth quarter.

We will not comment on the details of next year, but we have prepared measures and plans for *BRAND's Essence of Chicken* and others to restore demand. We will explain them again early next year.

Q. About the health supplement business, you mentioned that the category itself is in a difficult situation. What is the fundamental problem?

A. Our mainstay *BRAND's Essence of Chicken* is a higher-priced product compared to soft drinks, and "value appeal" is important for customers who are willing to spend at a higher price point. As *BRAND's Essence of Chicken* is a long-running brand, the age group of our customers is changing, and work is needed to increase its brand equity. In addition to stimulating demand, how we create value is a key strategic issue that needs to be addressed with a medium- to long-term perspective.

Q. What is the environment for beverage consumption in Europe? What is the impact of inflation?

A. In the third quarter, when demand peaks, unstable weather had a significant impact on beverage demand. The overall momentum of Europe also had an impact. In France in particular, the beverage market has been affected by rising prices. In an increasingly competitive environment, including private label, it is important to counter competitors. We aim to stimulate demand by investing aggressively in the marketing of our core brands.