

Main Q&A at The Nisshin OilliO Group's
Financial Results Briefing for the Third Quarter of FY2023

Date and time: Friday, February 9, 2024; 16:30—17:15

Format: Teleconference

Attendees from The Nisshin OilliO Group:

Takahisa Kuno, Representative Director and President

Hiroshi Hasegawa, General Manager, Corporate Sustainability Management

Koji Miki, General Manager, Financial Department

Q: What are your initiatives for continuous profitable growth in the domestic oils and fats business?

A: We will need to maintain and formulate appropriate profit margins that are commensurate with increases in social costs such as logistics and personnel costs in addition to raw material market conditions. In this context, we will strengthen profitability by optimizing our products and implementing cost-efficient initiatives. We will also put efforts in effective product strategies such as introducing value-added products like Healthy Clear, which is scheduled to be launched this month, and expanding the modularity of product sizes that meet customer usage needs.

Q: The sales volume of ISF's specialty fats was strong in the third quarter (October to December), but your projections for the fourth quarter (January to March) seems to be sluggish compared to the same period of the previous fiscal year. Could you please explain the actual situation? Also, will the sales volume increase from the next fiscal year onwards?

A: First of all, our annual sales volume is consistent with our expectations at the beginning of the fiscal year. There were fluctuations in our quarterly sales volume, compared to the same period of the previous fiscal year, due to an increase in palm oil refining margins and recordings of deferred sales caused by delays in shipment of products. From the next fiscal year onwards, we hope to complete capital investments that will allow us to increase our production volume of specialty fats, and accordingly, we plan to increase our sales volume.

Q: Do you consider the rise in cacao prices due to global shortages to be a positive factor in marketing ISF's specialty fats as an alternative?

A: We are not certain if at this point the rise in cacao prices will subside from temporary factors such as improvements in weather conditions, or if it will continue to be a structural issue, but we do believe that this may be a positive factor if it stimulates alternative demands for cacao. However, we will need to be aware of the risk of a decline in chocolate consumption due to price hikes.

Q: You have revised the full-year operating profit forecast for the current fiscal year to 20.5 billion yen and it is your second upward revision. Will your targets for the next fiscal year be set based on this profit level? If so, what business will be the growth driver to achieve that target?

A: We believe that the current fiscal year's operating profit plan will serve as a benchmark for the next fiscal year. As mentioned previously, the domestic oils and fats business will be our key growth driver. We aim for further profit growth by expanding sales of functional and marketing-oriented product groups, such as oils and fats with functional characteristics, and by expanding sales of specialty fats at ISF.