

Q&A Summary of The Nisshin OilliO Group's
Financial Results Briefing for H1 FY2025

Date and time: Friday, November 14, 2025; 3:00 p.m. – 4:00 p.m.

Format: Teleconference

Attendees from The Nisshin OilliO Group:

Takahisa Kuno, Representative Director and President

Kazuhiro Sekiguchi, Executive Officer, responsible for Sustainable Business Management Unit

Koji Miki, Executive Officer, General Manager of Financial Dept.

Q: In terms of the Global Oil & Fat and Processed Oil & Fat business, the recent decline in cocoa prices—has this had any impact on CBE demand or pricing? (CBE: Cocoa Butter Equivalent)

A: We understand that although cocoa bean prices have declined from their peak, the impact on CBE demand and sales prices has not been significant enough to warrant a revision of our business plan. As cocoa prices stabilize, we expect the chocolate market—which had recently been contracting—to recover. We intend to focus on expanding and firmly establishing our sales channels precisely during this period of favorable business conditions for CBE.

Q: Could you share the outlook for CBE sales prices and sales volumes for the next fiscal year? In addition, what is your policy on future production volumes?

A: For FY2026, we do not expect our sales prices to deviate significantly from the average level seen in FY2025. While it is difficult to forecast conditions for FY2027 and beyond at this point, our current plan assumes a price level comparable to that of FY2026. As for sales volumes, production will increase in FY2026 compared with FY2025, allowing for higher sales volumes as well. We expect the chocolate market to continue expanding as a general trend, and our policy of increasing CBE production in line with that trend remains unchanged.

Q: Could you provide an update on the progress of price revisions for general-purpose oils in the Oil, Fat & Meal business, as well as the current status of sales volumes?

A: Progress on price revisions has been slower than expected. Unlike the price revisions implemented in 2021–2022, the markets for key raw materials have been relatively stable, and there is little sense of tightness in raw-material supply-demand conditions. We believe this lack of urgency is contributing to the delay. As for sales volumes, they have declined significantly, particularly in the household-use market. We believe this is not unique to the oils and fats industry; rather it reflects a broader trend across the Japanese market, where consumers have become more cautious in their spending amid tighter household budgets. However, within the household-use market, we are seeing shifts in demand across cooking oils. Over the past few years, consumption of value-added products has grown. Specifically, while soybean oil and rapeseed oil have seen substantial declines, olive oil and sesame oil have become more established, the health-oriented oil market has become more active, and rice bran oil has also continued to expand.

Q: Could you share the outlook for the Oil, Fat & Meal business for the next fiscal year, and explain how you plan to bring performance back on track toward the targets set under *Value UpX*?

A: In the short term, two priorities are crucial: bringing the price revisions for general-purpose oils in line with the prevailing market levels and restoring profitability in olive oil. For general-purpose oils, we strive to firmly establish the prevailing price levels and leverage this effort to drive earnings recovery in FY2026. As for olive oil, our plan is first to restore sales volumes and subsequently improve profit margins. We believe that our olive oil products continue to enjoy strong customer support, and we intend to advance these initiatives steadily. At the same time, with respect to the changes in demand balance for household-use cooking oil products, we will reassess current conditions and move quickly to rebuild our product portfolio. In the commercial-use and food processing products as well, we will continue to identify customer needs and enhance the value proposition of our value-added product categories, such as functional oils & fats and functional oil-based materials.

Q: With sales volumes in the domestic oil & fat business declining, is there a risk that production capacity across the industry will become excessive? In addition, in such an environment, I think that collaboration with other companies such as Oilseed Processing Partners Japan, Ltd. seems increasingly important. What is your outlook and what initiatives do you plan to take?

A: We do not expect a significant excess of production capacity to emerge across the industry in the near term. Our previous outlook for the market through 2030 assumed that, although the population would decline, this would be offset by a slight increase in per-capita consumption of oils and fats, resulting in relatively stable overall demand. However, the population is now declining at a faster pace than government estimates, and we believe this will have some impact going forward. Against this backdrop, our basic stance on collaborating with industry peers in non-competitive areas remains unchanged. We will continue to steadily advance initiatives where such collaboration is feasible.

Q: Amid the challenging demand and cost environment for the domestic oil processing business, how do you view the need for business transformation aligned with the market conditions?

A: We recognize that the issue you have raised is one that must be resolved in the first half of the *Value UpX* period and carried forward into the subsequent phase. While we do not expect total domestic demand for oils and fats to decline sharply in the short term, we do anticipate further polarization within product categories. For example, we expect to see a clearer split between product groups where we can effectively communicate their value proposition—such as olive oil and sesame oil—and product groups where stable and low-cost supply is required. In response to these changes, we see a growing need to redesign our sales, production, and logistics frameworks as well as our sales approach. We intend to address these issues based on thorough analysis.