

Main Q&A in The Nisshin OilliO Group's
First Quarter of FY2023 Financial Results Briefing

Date and time: Wednesday, August 9, 2023; 15:30–16:15

Format: Teleconference

Attendees from The Nisshin OilliO Group:

Takahisa Kuno, Representative Director and President

Hiroshi Hasegawa, General Manager, Management Planning Office

Koji Miki, General Manager, Financial Department

Q: In the domestic oil and meal business, there appears to be a remarkable improvement in the margins of the first quarter. What is behind this?

A: In the oil and meal business in the previous fiscal year, there was a delay in reflecting the price revisions in response to preceding cost rises. This fiscal year, while there is some adjustment for the drop in prices from the easing of the cost environment, the results are also influenced by this timing delay. With the current depreciation of the Japanese yen and signs that the cost environment will worsen again from October onward, we are working on sales with a greater emphasis on profitability while carefully explaining the situation to our clients.

Q: There must have been difficulties in terms of sales volumes due to the increase in sales prices. Is it safe to assume that the sales volumes and demand will recover going forward?

A: Yes, in commercial-use products, there is some influence from strategies we had implemented, such as the proposing of products with long-lasting functions. On the other hand, from April to June, the restaurant industry picked up and there is also the impact of inbound tourism. With this trend of recovering demand, we believe that it will recover to levels close to those of FY2019 before the COVID-19 pandemic. In household-use products, while forecasting is quite difficult, because there is conservative buying due to the increase in prices of not only our products but food products overall, we believe that we can expect a recovery in demand for general-use oil. Meanwhile, olive oil saw a remarkable rise in the raw material market price due to a severe reduction in the harvesting volume of olives. As a result, store prices will rise significantly, and the situation will require close attention. The rise in the raw material market price of olives is thought to be cause for concern not only during this fiscal year but also the next fiscal year as well. In order to prevent the shrinking of the market, which we had worked on expanding in recent years, we will implement measures to spark consumption as well as efforts to secure profit.

Q: The performance impact of launching Oilseed Processing Partners Japan, Ltd. is said to be under scrutiny, but as far as you know at present, specifically, what kind of potential impact is there?

A: The impact of technical accounting factors will be looked at going forward. As has been explained in the past, in terms of business, rather than pursuing short-term cost benefits, we believe we can expect an impact from greater efficiency in terms of upgrading facilities and maintenance costs.

Q: What are you doing to improve the efficiency of assets?

A: As for improving the efficiency of our current assets, there is a situation where stock tends to build up due to price increases and fluctuations in demand, but we will work on measures to improve the efficiency such as by reducing stock through more sophisticated production plans. As well as increasing the efficiency on an overall scale while balancing the products to be produced according to the state of supply and demand, we will continue to reduce assets while shifting to products with overall added value. As for noncurrent assets, we will focus on determining investments with greater efficiency and added value in mind, without making investments as a mere continuation of what we have done in the past.