Main Q&A at The Nisshin OilliO Group's
Financial Results Briefing for the Third Quarter of FY2024

Date and time: Wednesday, February 12, 2025; 16:00–17:00

Format: Teleconference

Attendees from The Nisshin OilliO Group:

Takahisa Kuno, Representative Director and President

Hiroshi Hasegawa, General Manager, Sustainable Business Management

Koji Miki, General Manager, Financial Department

Q: Could you tell us about the current progress regarding the October price revision in the domestic oils and fats business?

A: The progress of the price revision varies by channel. For BtoB, the price revision for oils and fats for food processing is expected to be implemented in March, and the price revision for commercial-use products has also begun to be implemented. For BtoC, it is taking time for the price revision to be accepted. However, we will continue to provide our customers with more elaborate explanations of our cost environment.

Q: In the processed oil and fat business, what were the factors behind the year-on-year decline in operating profit in the third quarter (October-December) excluding the impact of the mark-to-market valuation of palm oil transactions (so-called *real value*)? What is the outlook for the fourth quarter (January-March)?

A: In the overseas processed oil and fat business, although sales of high value-added specialty fats were favorable compared to plan, the high price of palm oil in physical terms led to a deterioration in raw material procurement costs. As a result, operating profit declined in the third quarter. We expect a similar impact in the fourth quarter to some extent, but we also expect operating profit to improve due to the contribution of higher sales prices for CBE (a type of specialty fat).

Q: The forecast for the full year change in sales volume of specialty fats is negative 3% compared to the previous year. Could you explain the reasons behind this? Does this mean that the specialty fats business is slowing down?

A: This is due to the fact that part of the sales planned for FY2024 were brought forward to the fourth quarter of the previous fiscal year due to geopolitical circumstances. Excluding this factor, the sales volume of specialty fats for FY2024 is expected to increase year on year. Sales are steadily increasing partly as a result of our improved facilities, and we believe specialty fats will be one of our growth drivers going forward.

Q: What is the reason for the strong profit increase in the processed food and materials segment in the third quarter? On the other hand, what is the reason for the weak profit plan for the fourth quarter?

A: In the third quarter, profits improved due to factors such as revisions of sales prices of chocolate products in response to the sharp rise in cacao prices. In the fourth quarter, we expect profits to improve at a slower pace, taking into account the decline in demand associated with renewed rising cacao prices and a hike in sales prices.

Q: Could you give us your view on which of the businesses will be a growth driver in the next fiscal year, if any?

A: First of all, we will ensure that we complete the tasks we have set for this fiscal year before the end of the fiscal year. On this basis, we will expand our domestic and overseas BtoB businesses in domestic oils and fats for commercial use and the overseas processed oil and fat business represented by specialty fats, and drive the overall growth. We will explain the details in the next medium-term management plan, which will be announced in late March.