

FY2023Q3 Earnings Conference: Major Q&A

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| •Date/time | Feb 8, 2024 (Thu.) 15:30 - 16:30 (JST) | | |
| •Speaker | Senior Executive Officer | CFO (Chief Financial Officer) | Sunao Maeda |

Q. Operating profit from Industrial Chocolate Business company Blommer decreased significantly in 3Q, but is it due to project improvement in 4Q and beyond?

A. Through the first six months of this fiscal year, the price factor was trending positively YoY thanks to price revisions, and other measures. However, there were delays in price revisions caused by soaring cocoa prices and continued high interest rates in the U.S. This caused the price factor to trend negatively during 3Q and led to a significant decrease in profit. For 4Q, we are already working to revise sales prices, so we are projecting improvement.

Q. What is the impact of soaring cocoa prices on earnings from Industrial Chocolate Business.

A. We are working to adjust sales prices in response to skyrocketing prices for cocoa, the main ingredient in chocolate. In addition to sales price revisions, we will also propose vegetable fats for chocolate* and compound chocolate*, products that utilize advanced technologies in which we have the expertise to respond to customer demands.

*Vegetable fats for chocolate: Fats used in chocolate manufacturing that are made from vegetable fats such as palm oil.

*Compound chocolate: Chocolate made using vegetable fats for chocolate.

Q. What is the status of Industrial Chocolate Business company Harald?

A. We lowered operating profit forecasts slightly from our revised forecast (November 2023) to reflect soaring cocoa prices and economic sentiment in Brazil. However, the No. 2 plant started operating in April 2023. Operations are going smoothly and we are forecasting a YoY increase in sales volume.

Q. Please indicate your thoughts on profit from Vegetable Oils and Fats Business and Industrial Chocolate Business in Japan moving forward?

A. In FY2022, Vegetable Oils and Fats Business was delayed in revising sales prices to reflect the soaring prices of palm oil. In FY2023, palm oil prices stabilized and demand was strong. These factors provided a boost to profits but we expect those benefits will gradually wane off.

Industrial Chocolate Business faces a difficult operating environment due to factors such as soaring cocoa prices but we will work to secure stable profits by making proposals to customers and continued to promote appropriate sales price revisions.

Q. You plan to announce Blommer structural reforms at the end of March but what initiatives should the company undertake to improve its current performance?

A. We think short-term performance improvements can be made through improvements to productivity. We are formulating a structural reform plan that incorporates such elements.