

FY2025Q1 Earnings Conference: Major Q&A

•Date/time	August 8, 2025 (Fri.) 16:00 - 17:00 (JST)		
•Speaker	Director and Senior Executive Officer	CFO (Chief Financial Officer)	Sunao Maeda

Q. Vegetable Oils and Fats Business has already recorded a high rate of progress relative to the full-year earnings forecast but, as of Q1, is performance trending above plans?

A. Sales volume for vegetable fats for chocolate (CBE) increased 118% YoY and sales prices also increased, resulting in earnings contributions from CBE that were higher than anticipated. There is a lack of transparency concerning second half trends for raw material prices and the chocolate market. While we do view this as a risk, at present cocoa prices are trending at a high level and we see no signs of a slowdown in demand for CBE, so we are projecting strong sales for CBE moving forward.

Q. This fiscal year, you are planning on decreased profit from Vegetable Oils and Fats Business and Industrial Chocolate Business due to the elimination of temporary raw material gains. At present, what is your future outlook on performance?

A. During Q1, Vegetable Oils and Fats Business continued to record raw material gains, but Industrial Chocolate Business saw raw material prices rise due to higher cocoa prices. As such, the business is trending towards the elimination of raw material gains, and we expect to see the same trend in Q2. Moving forward, we do not project earnings contributions from raw material gains on par with the previous fiscal year due to rising raw material costs but we will advance efforts to optimize sales prices.

Q. How do you evaluate Cocoa Special Factors at Blommer relative to plans and what is your future outlook?

A. Q1 losses due to Cocoa Special Factors were lower than initial assumptions. This was mainly due to a shift in the timing of recording of the cost of sales to Q2 or later. As for our future outlook, we project losses due to Cocoa Special Factors during Q2 as well due to the delayed timing of cost materialization. However, as we are advancing efforts to optimize sales prices, we are projected a reduction in the scope of losses and the elimination of Cocoa Special Factors during the second half, which is in line with plans.

Q. Substantive business profit excluding Cocoa Special Factors at Blommer resulted in an operating loss but what is your future outlook?

A. In addition to Q1 being a relatively slow season, this is mainly due to a decline in sales volume due to a stagnant chocolate market in the US. However, performance did not diverge significantly from initial assumptions. Looking at sales trends by product, sales of pure chocolate and processed cocoa products decreased but increased for compound chocolate. Performance also improved for CBE compound chocolate, for which we are implementing initiatives to achieve sales growth. In light of this, we will continue to focus on compound chocolate.

Q. Operating cash flow is not improving but what is your outlook for future improvement?

A. Q1 saw improvement delayed due to the high cost of working capital. Our future outlook assumes that Q2 will see conditions similar to Q1 levels, but we are projecting a recovery from the second half.