FP CORPORATION

Financial Results Briefing for the Fiscal Year Ended March 2025: Q&A (Summary)

(May 2, 2025)

Q: Regarding the outlook on the increase/decrease in ordinary profit in the current fiscal year, the impact of the prices of materials is estimated to be -0.9 billion yen, and this impact is forecast to be particularly large in the first half. Is there potential for upside in profit as the price of polystyrene is likely to decline? What will the impact be in the second half?

A: In the first half, we will continue to be impacted by last year's increase in utilities costs. It is assumed that material prices will remain high at the April to June level, and the outlook reflects this.

Q: What is the background behind the 2% increase in the product sales volume that is projected in the current fiscal year?

A: We expect sales volume to increase because FPCO Fair was very well received and there is progress in new business negotiations. Customers are also taking countermeasures to address the decrease in the number of items that they are selling, which is why our forecast for the second half is more bullish than the first half forecast.

Q: Sales volume is forecast to increase 1.5% in the first half and 2.5% in the second half. For the second half in particular, how is this possible?

A: We are confident about this because of the new business negotiations that have been progressing steadily. We also expect new demand in the fields of frozen food, hospital food and nursing care food.

Q: In the current fiscal year, capital investments are expected to be 19.5 billion yen. Does this include the capital investments for new OPP?

A: Some of the equipment related to the new OPP is included in the capital investment plan in the current fiscal year.

Q: What is your outlook for capital investments for the fiscal year ending March 2027? What major investments are you making and what is the depreciation schedule like? How will you procure funds?

A: We expect capital investments of approx. 20.0 billion yen in the fiscal year ending March 2027, including large-scale investments related to the new OPP.

The new plant is scheduled to begin operating in November 2027. A portion of the depreciation will begin in the fiscal year ending March 2028 and we expect to post depreciation in the full fiscal year ending March 2029. Regarding funding, we expect to procure funds basically through cash flows from operating activities without increasing interest-bearing debt very much.

Q: What will your pricing strategy be like if the prices of materials fall?

A: We do not intend to decrease product prices unless the prices of materials decrease significantly. Whether or not the prices of materials fluctuate greatly is an important factor, and we would like to think about this matter in light of future trends as well.

Q: What are your feelings regarding the progress toward your long-term targets, net sales of 300.0 billion yen and ordinary profit of 30.0 billion yen in the fiscal year ending March 2030?

A: Steady progress is being made in the measures we have implemented to date, including environmental strategies, the launch of new products and cooperation with wholesalers. Above all, there has been progress in our efforts to differentiate ourselves from other companies terms of technology. We have also made great achievements in initiatives including the Eco Store Declaration, for which we are expanding our collaborations with supermarkets. We feel we are making great progress in these areas.

Q: What is your outlook regarding the achievement of the long-term ROE improvement target?

A: We believe that the achievements made by the capital investments are important for the improvement of ROE. Regarding the new OPP and other efforts, the important matter is whether we can promptly move into full operation. Depreciation increased 0.1 billion yen per month due to the earlier investments in the Kansai Plant and the Kansai Hub Center, but the investments have begun to produce positive effects, such as the streamlining of logistics. The trends in the components of ROE show that ROE improves when the net profit ratio is high. We believe that we can enhance our corporate value by continuing to increase our earning power.