

FP CORPORATION

Financial Results Briefing for the Fiscal Year Ended March 2026: Q&A (Summary)

(April 30, 2026)

Q: You have not yet determined your financial forecasts for the current fiscal year. What is your rough estimate regarding the increase in sales and profit, which would reflect price increases? In the current fiscal year, will you continue with the initiatives to increase market share implemented in the previous fiscal year?

A: We aim to increase sales and profit. We will emphasize increasing profit in particular and lead the industry in passing on cost increases via prices. We will temporarily refrain from competing for market share during our price increase activities. However, it is not difficult to gain customers' understanding, and negotiations are not expected to be prolonged. New products such as Drip Pocket have been highly acclaimed, and we believe that we will be able to continue the initiatives to increase market share.

Q: I have a question about the Store-to-Store recycling initiative. When do you expect to achieve the goal of 10,000 stores operated by 300 companies?

A: We expect that it will take three years, but it may be possible to achieve it sooner because the number of companies supporting the initiative has been increasing faster than expected.

Q: How will the Middle East situation impact procurement and the prices of recycled materials (PS and PET)?

A: The price of recycled PET may increase due to the growth of demand reflecting the soaring price of virgin materials. However, we don't expect the price to rise to the level of virgin materials. PS will not be affected by the trends affecting other companies because we have built a route for collecting used trays and containers ourselves.

Q: What is your quantitative outlook given the concerns regarding a decline in demand due to rising prices?

A: We expect to maintain a competitive edge over our competitors as the added value we provide, including the visual quality and functionality of Drip Pocket and other products, has been highly evaluated.

Q: What is your view on the impact of the shrinkage of the domestic market due to the decrease in the population?

A: While the demand for fresh products may have hit a ceiling, the demand for prepared food, home-delivered lunchboxes and frozen food has been growing. The demand for ready-to-eat meals has been expanding due to the decreasing size of households and the aging of the population. We believe that demand for containers as a whole will continue to grow.

Q: What is your policy on investments other than those in new OPP as capital investments increase over the coming three to four years?

A: It is necessary to invest around 7.0 billion yen per year in the replacement of existing equipment and streamlining. Productivity has been improved, and we believe that, going forward, attracting human resources will be more important than equipment.

Q: Are Eco Trays made from 100% recycled materials?

A: Approx. 30% of their materials are collected from the market. The remaining 70% is off-cuts from factories and virgin materials.

Q: Is it likely that you will revise the dividend forecast if you forecast that profit will increase?

A: Our basic policy is to pay progressive dividends with a dividend payout ratio target of 40%. We announced our forecast dividend of 73 yen as a lower limit based on progressive dividends.

Q: Have there been any changes due to the Middle East situation, such as any business inquiries received from customers or stockpiling?

A: Stockpiling is unlikely because our products are bulky. We have seen no major changes, partly because we have announced that we will continue to supply products stably until the end of June.

Q: What were sales results in the field of frozen food? What is the sales outlook for the current fiscal year?

A: Sales of dedicated containers for frozen food were slightly below 2.0 billion yen in the fiscal year ended March 31, 2026. It is difficult to forecast sales in the current fiscal year, but we believe that they will increase in the field of nursing care and in other areas, and growth will accelerate depending on the demand.

Q: What initiatives will you take for the stable procurement of raw materials in response to the Middle East situation?

A: For PS, PET and PP, we have obtained assurances from raw material manufacturers that the stable supply will be maintained until the end of June. We expect that the period during which stable supply is assured will continue to be extended gradually. For PET, we are diversifying procurement routes via trading companies.

Q: Are additional price increases likely?

A: We will first increase our prices by 20% or more on June 1. Additional price increases have yet to be determined, but they may be implemented depending on the crude oil and naphtha trends.

Q: Why are the operations of the dissolution and separation recycling plant suspended?

A: We have suspended them because we are prioritizing the manufacturing of virgin materials. We will resume operations when our procurement of styrene monomer has been stabilized.

Q: What is your assessment of material recycling and chemical recycling?

A: Material recycling has a cost advantage, but deterioration is an issue. Chemical recycling is superior in terms of circularity, but there are economic efficiency problems. We are studying depolymerization to recycle polystyrene back into styrene monomer as a realistic option.

Q: What are the risks regarding the increase in the cost of electricity and distribution associated with the Middle East situation?

A: It is expected that electricity expenses will increase by around 1.0 billion yen per year. The cost of distribution is also likely to rise depending on fuel prices.

Q: What is the basis for the 20% increase in prices? What are your future policies?

A: We have estimated it based on the current prices of raw materials. Moving forward, we will consider price revisions in line with the fluctuation of raw material prices.