

FP CORPORATION

Financial Results Briefing for the Fiscal Year Ended March 2024: Q&A (Summary)

(May 8, 2024)

Q: You have announced the third price revision. What are your prospect for its realization and customers' responses to it?

A: While prices of consumables are rising, wholesalers are cooperative about the price revisions. While responses from customers are still limited, many of them find the price increase "as expected." They have some understanding of the price increase, partly reflecting rising electricity costs and personnel expenses as well as raw material costs.

Q: I have a question about the new OPP. I think you will expand into new fields such as automobiles, housing equipment, and consumer electronics. Have you built sales channels? Please also describe capital investments.

A: We are considering the establishment of a backup warehouse for our existing products and a manufacturing line for the new OPP in Ibaraki Prefecture. Regarding the expansion to new markets, such as automobiles and construction materials, we do not intend to do it on our own. We may proceed with it in various forms. Specifically, we will work on it in the coming two to three years. We assume that the new OPP will be available by 2027, so we announced the release this time. We already receive an increasing number of inquiries, proving that the new OPP is attracting a lot of attention.

Q: I have a question about the product sales quantity in the current fiscal year. While it is expected to increase 5% in the first half, it is forecast to remain on par with the year-ago level in the second half. Please tell us why the quantity will not grow in the second half. Please also describe annual average growth rates for the next year and thereafter.

A: We cannot increase prices as long as we are competing for market share. This is why we did not include growth of sales quantity in our plan for the second half. Regarding the annual average growth rates, we believe that 3% growth will not be particularly difficult if raw material prices and electricity cost remain at the current level.

Q: Original products already have a high ratio. Please tell us what changes can be expected about the product mix, from a perspective other than the viewpoint of simple quantity increase.

A: While eco-friendly products have continued to grow, we expect that an increase in eco-friendly materials through the expansion of equipment and other measures will lead to a further increase in the ratio of eco-friendly products.

Q: I understand that you have been taking initiatives on the frozen food market and the market for nursing care food in the last several years. However, I have the impression that the growth is slow. How will you accelerate the growth?

A: As you pointed out, growth has been slower than we anticipated. It may take time before the markets have developed to a certain level. However, labor shortages have made it difficult to collect and wash containers and

to supply food. In addition, various experiments are underway, reflecting the development of furniture and fixtures for frozen food, and we expect rapid growth to begin at a certain point.

Q: I have a question about the deinking technology that you developed jointly with DIC Company. Please tell us when it will be launched as a business and whether inks will be removed fully.

A: The deinking technology has been established. The key point in recycling is how to collect objects to recycle. At present, we collect 6,000 tons of trays from the market every year. We already recycle 3,000 tons into trays. The remaining 3,000 tons are recycled into other objects because they contain inks. We plan to begin deinking and offering 1,000 tons as recycled raw materials. For the remaining 2,000 tons, we are considering chemical recycling. We expect to achieve this in three years. We believe this will enable closed loop recycling, with which all collected trays, including colored trays, will be recycled into trays.