Vision 2030 and Medium-Term Management Plan, Value Up+

FY2017 | FY2021 | FY2024 | FY2030

Previous Medium-Term Management Plan FY2017-2020

OilliO Value Up 2020

Shifting our focus to a more growth-oriented path while continuing our business structure reforms

Medium-Term Management Plan FY2021-2024

Value Up+

Transform ourselves into a corporate group that continuously creates diverse values through customer centricity

Accelerate our growth route with CSV as the main driver

FY2025-2030

Strategic Marketing × Technological Innovation × Globalization

"Growth" "Aggressive Investment" "Sustainability" "Efficiency"

Value Up+ Achievement Chart (Overview)

Sustainability

Environment

Reduction of GHG emissions

KPI
- −10% (Scope 1 and 2)

Supply Chain

Build a procurement and logistics network to refine "OilliO quality" and competitiveness

KPI
- Implement effective measures to achieve and maintain 100% traceability back to the plantation.

Aggressive investment

Human Resources

Improve engagement

KPI
- Female manager ratio: 8%
- Improve employee health and performance in line with Health and Productivity Management Strategic map.

Growth Investment

Strategic investment ¥80 billion

KPI
- Execute strategic investments in marketing, R&D, DX, the environment, growth, etc.

Efficiency

Efficiency

ROIC 4.6%

KPI
- Expand value-added products in the domestic oils and fats sales mix.
- Sell cross-held shares and review asset mix from an efficiency perspective.

Value Up+ Performance Targets

Net sales	¥540 billion
Operating profit	¥17 billion
ROE	8.0%
Operating cash flow*1	¥40 billion
ROIC	4.6%

Growth*2

BtoC

Net sales +¥5 billion

KPI
- Form ¥50 billion market for "pour-and-enjoy" fresh edible oil.
- Aim for a volume composition ratio of 60% for strategic cooking oil products.
- Disseminate nutritional information on lipids in and outside Japan: Reach 60 million people in Japan (4- year cumulative).

BtoB

Net sales +¥55 billion

KPI
- 30% increase in the number of customer support solutions for the Group
- 15% increase in the volume of sales of oils and fats for use in chocolate
- 50% growth in sales of beauty-enhancing products

BtoBtoC

Net sales +¥10 billion

KPI
- 50% growth in sales of health science products

*1 4-year cumulative for FY2021-2024

*2 Net sales target in terms of growth is the amount of sales expansion through value creation, not inclusive of the impact of sales price revisions in response to higher raw material prices.

The Nisshin OilliO Group Vision 2030

Our objective is to co-create new food functions, leveraging "The Natural Power of Plants" and the strengths obtained from mastering oils and fats.
We shall strive to generate diverse values and deliver "energy for living" to everyone.

- The core competence of the Group lies in "oils and fats." By continuing to master oils and fats, we can continue to create oils and fats solutions through co-creation.
- The value of oils and fats lies in the fundamental energy that people need to live. There are also no limits to how this energy can make meals more delicious, improve people's health through their nutritional components, and increase people's beauty and vitality.
- We have positioned the diverse values of the oils and fats that we provide through our six priorities, along with the energy produced by materials, technologies, and businesses that exert a synergistic effect with oils and fats, as "energy for living."
- Our aim is to become a corporate group that will deliver "energy for living" to as many people as possible.

Performance Targets

FY2030

ROE 10% ROIC 7%

Our Six Priorities

Good health for all	Quality of life	Global environment
Contribution to the food value chain	Supply chain connected by trust	Human resource management

Reviewing the Performance Targets of Vision 2030

Background and details of revisions to targets

"The Nisshin OilliO Group Vision 2030," which sets out the Group's Corporate Vision towards 2030, includes the basic policy of "Developing our business closer to customers than ever before." Based upon this policy, the Group is proceeding with initiatives aimed at making the jump to becoming a global top provider of oils and fats solutions. Until now, our stated goals under Vision 2030 have been for net sales of ¥500 billion, operating profit of ¥30 billion, and a ROE of 8% or higher, all to be reached by fiscal 2030. However, uncertainty persists due to major changes concerning the business conditions surrounding the Group, including high global demand for oils and fats on the back of population increases, and historically high costs for edible oils in response to increasing demand for biofuels and the emergence of new geopolitical risks. Despite such difficult circumstances, we recognize the importance of reliably delivering a return on invested capital that exceeds the cost of shareholders' equity and of aiming to sustainably improve our corporate value. For this reason, we have positioned ROE as our most important metric and have set the target of delivering a ROE of 10% by fiscal 2030. In order to attain this ROE target, we have set a new ROIC target of 7%. In strengthening business management in both operating profit and invested capital, we are building a structure that will be able to deliver returns on investment commensurate with capital costs, regardless of the business environment.

■ Original Targets

Net sales: ¥500 billion Operating profit: ¥30 billion ROE: 8% or higher

■ Revised Targets

ROE: 10% ROIC: 7%

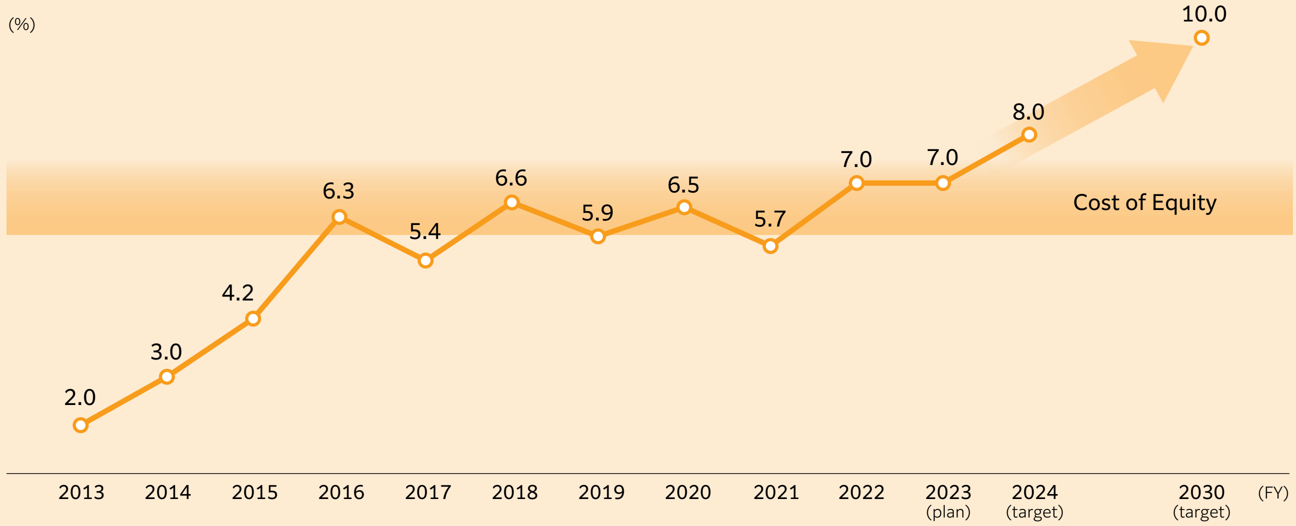
Achieving a ROE of 10% (fiscal 2030)

In order to achieve our target of a 10% ROE by fiscal 2030, we have set an ROIC target of 7% and are actively engaged in initiatives in each business domain. During the "Value Up+" period, which runs through fiscal 2024, we are aiming for a ROIC of 4.6%, which we hope to achieve by adding value and strengthening the quality of our solutions in the domestic oil and fat market, formulating and maintaining appropriate sales prices commensurate with costs, making improvements to our profitability through expanded sales of specialty fats, steadily capturing the recovery in demand in the fine chemical and chocolate businesses after the COVID-19 pandemic and expanding sales therein. We will also make revisions to our asset mix from an efficiency perspective, including the selling of cross-held shares. Furthermore, with an eye toward fiscal 2030, we will mainly be focusing on achieving steady growth and improving profitability in domestic oils and fats, expanding our global presence in the processed oil and fat business and fine chemical business, and developing new markets in North America. For each business, we will set KPIs for ROIC, scale of expanding sales, and operating profit growth, and then formulate specific strategies and implement initiatives with the aim of achieving these KPIs.

■ ROE Target

Working to improve profitability and raise asset efficiency with targets of ROE of 8% in FY2024 and 10% in FY2030

* To achieve the Groupwide ROE target, we are working to improve the profitability of each business unit by making ROIC a management indicator



Business domain initiatives targeting fiscal 2030

(1) Steady growth and improved profitability in domestic oil and fat business

KPI Operating profit growth: 5%; ROIC: 5%

Our efforts to date in the domestic oil and fat business have included creating innovation and adding value to the market through mechanisms designed to elicit changes in consumer behavior and the building of strong relationships of trust with customers achieved through, thorough quality control, stable supply, and the provision of solutions. Furthermore, during this past two years in which costs have reached unprecedentedly high levels, we have been able to formulate appropriate sales prices through careful dialog with our customers and have strengthened our ability to respond to stable earnings, even amid market fluctuations. Through these efforts, we will demonstrate our solid presence in the domestic oil and fat market and strive to build and expand markets by leveraging our unique technical capacity to create new forms of value. We will also formulate a new price equilibrium unique to the Company that beats the market average and thereby strengthen the profitability of our domestic oil and fat business.

(2) Expansion of our global market presence in the processed oil and fat business and fine chemical business

KPI Operating profit growth: 6%; ROIC: 8%

We are aiming to take the step into becoming a global top provider of oils and fats solutions and are working to expand our global sales and market presence in the processed oil and fat and fine chemical businesses. In the domain of processed oil and fat, we will establish ourselves as a global leader of specialty fats by improving our technological capabilities for controlling physical and functionality issues that meet the diverse needs of our customers, quality control at the trace ingredient level, our ability to respond to social quality issues related to sustainability, our connections with our customers, and our supply chain, which we will deliver by combining the collective strengths of the Group. Furthermore, by linking in with efforts to expand sales of specialty fats, we will strengthen the value chain in our chocolate business in Japan and Asia more broadly, through which we hope to increase the scale of our profits. In the fine chemical domain, in addition to improving our technical support functions in the ASEAN region and in China, we will also strengthen our access to growth markets by expanding sales of ester oils through the introduction of new materials and formulations.

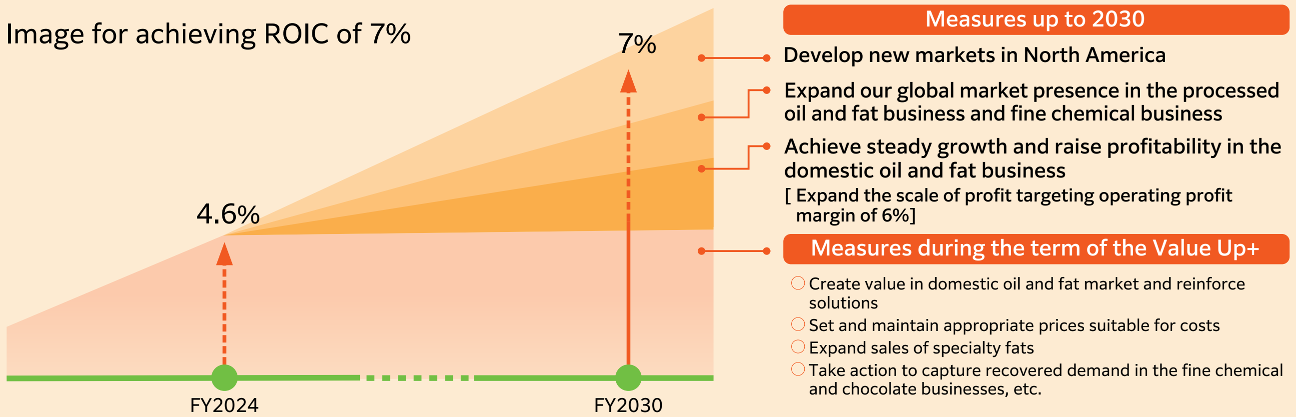
(3) Developing new markets in North America

KPI Sales expansion: +¥50 billion; ROIC: 10%

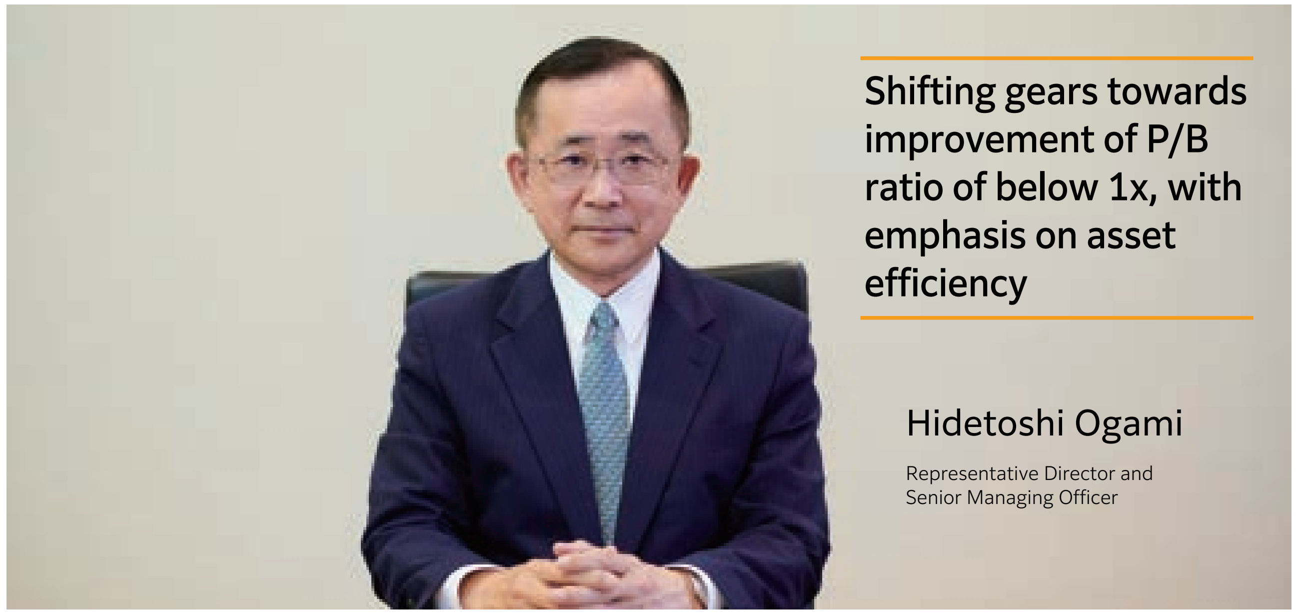
We will develop our business in North America from scratch; however, the market for food products in the United States, particularly processed foods, is large and is expected to grow in future on the back of the growing population. The food market has a strong preference for naturalness and traceable raw ingredients/materials. By providing applications and solutions that utilize the Group's technology for processing oils and fats along with our knowledge base, we are aiming to build an added-value type of business model. In collaboration with partners, we will build a business that combines multiple fields in target areas where we can leverage the Company's technologies and know-how, such as in the food service industry (oils and fats for restaurants and ready-to-eat meals), oils and fats for chocolate, hardstocks (solid oils and fats for use as raw ingredients for processed oil and fat and processed food and materials), and cosmetic raw materials.

■ Measures to Achieve ROE of 10% (by fiscal 2030)

We set the ROIC target value at 7% to achieve ROE of 10% by implementing measures in each business segment



Message from the Director in Charge of Finance



Improving the P/B ratio of below 1x

The Company's share price level has long had a P/B ratio of below 1x. We recognize that this is an important management issue. This was the theme of an off-site meeting of the members of the Board of Directors held in July 2022, in which lively discussions were held regarding the making of improvements to the P/B ratio, led by outside directors with extensive experience in financial markets. There was continued consensus that management challenges, including "improvement of asset efficiency," have constricted the P/B ratio below 1x. Therefore, we have undertaken full-scale efforts to improve this, together with ROE.

Reviewing long-term performance targets

In FY2022, we were able to achieve our operating profit target even in an environment of historically high raw material prices, and we feel that our various efforts to date have been successful. In light of this business environment, we have made changes to our performance targets for fiscal 2030, switching from the previous metrics focused on the items such as net sales and operating profit to ones representing efficiency of management, with our new targets being an ROE of 10% and an ROIC of 7%. Based on the assumption of recent shareholders' equity cost being around 6 to 7%, we are working to improve profitability and asset efficiency with the aim of achieving a ROE of 8% by fiscal 2024, which represents the final year of Value Up+, and, in the long term, an ROE of 10% by fiscal 2030 as levels which should ensure that asset efficiency exceeds capital cost.

Furthermore, in order to meet our targets for ROE, we must improve our profitability in the business segments in which we operate. To measure the profitability of these various business segments and promote initiatives aimed at achieving our ROE targets, we added ROIC to our performance targets as of fiscal 2022.

By improving profitability in our various businesses, we are aiming for a Group-wide ROIC of 7% by fiscal 2030. Using ROIC as the basis for future management practices, we hope to strengthen our BS perspective more than ever before.

We are working to improve ROIC on two fronts: profit (numerator) and invested capital (denominator). We believe that the key factors to improve ROIC are to improve operating margin in terms of profit and to reduce assets in terms of invested capital.

Improving profit and invested capital

In order to improve our operating profit margin, it is necessary that we ascertain the appropriate sales prices, including both future and social costs, and find a suitable price equilibrium commensurate with value proposition. We are working to increase the sales composition ratio of value-added products by creating new forms of value by, for example, responding to changes in the social environment and finding solutions to customer issues.

When it comes to invested capital, we consider our approach from the perspective of both financing and assets.

On the financing side, it is important to find the optimal asset mix between liabilities and equity capital. We will meet our investment funding needs to realize the goals of Vision 2030 by using the net D/E ratio of around 0.5x, in addition to the operating cash flow we generate, while maintaining our financial soundness.

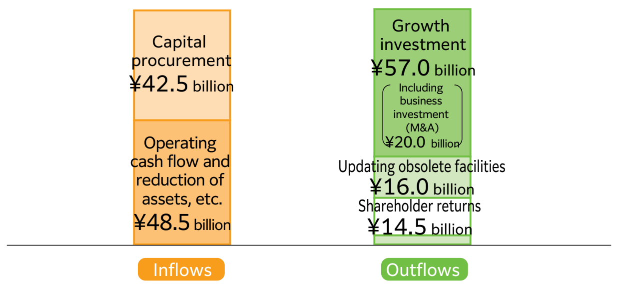
One of the issues on the assets front is finding a way to reduce assets. One measure we are working on is to reduce our cross-shareholdings. In fiscal 2020, the Company decided on a policy on cross-shareholdings, where it was decided, in principle, not to hold these shares. A sales amount of ¥3.1 billion was recorded for the two years starting from fiscal 2021, with a ratio of cross-shareholdings in the consolidated equity capital as of the end of fiscal 2022 of 9.6%. We will continue our dialogue with our business partners to promote further reductions.

Another issue we are facing in terms of assets is reducing working capital. We see the imminent logistics issues for 2024 not simply as a risk, but rather an opportunity for reducing inventory. With a view toward reforming SCM (supply chain management), we will proceed with the making of digital investments. We are planning to formulate a data-driven production plan leveraging a wide variety of data and based on statistical methods as part of efforts to build a supply and demand management system based on the principle of "one-piece flow." In doing this, we would be able to maximize stock reduction and shorten the CCC (cash conversion cycle), all without disrupting our ability to provide a stable supply of products.

Growth investments in the medium-term management plan

Cash Allocation Under the Value Up+ Medium-term Management Plan

Cumulative cash flows over four years



In the Group's medium-term management plan Value Up+, we initially set an investment amount of ¥80 billion over four years as a KPI for growth investment. However, owing to the effects of the COVID-19 pandemic, business investments (M&As) are behind schedule, meaning that we are now forecasting growth investment to be ¥57 billion. As part of efforts to create new value, we will invest around ¥5 billion in the construction of an "incubation center" at our Yokohama Isogo Complex. Our aim for this center is to facilitate co-creation through open innovation toward the creation of new forms of value. Although we have revised our four-year cumulative operating CF targets downward, we remain committed to the basic approach of our financial strategy and will continue to focus on achieving a balance between ensuring financial soundness and growth investment.

Penetration of KPIs into the workplace via the "Achievement Chart"

In order for us to achieve our goals, it is important that we link them to actions that form part of the PDCA cycle. As a first step, we are holding in-house study sessions to promote understanding of ROIC among employees who were previously unfamiliar with this financial metric and to enable them to act proactively. We are also working to find ways to visualize the actions of each employee in the workplace in such a way that can be leveraged to help improve ROIC. In the medium-term management plan Value Up+, we prepared an Achievement Chart (Refer to P. 23) as a framework to attain our business goals and set 8 KGI (key goal indicators) and 64 KPIs. This breaks down on granular level as targets for individual employees and serves the role of linking the specific actions that each employee should take to the performance target of improving ROIC. The degree to which these goals are being met are checked and updated on a yearly basis.

Improving value through dialogue with stakeholders

With regard to evaluations of the Company by the market, we have reflected on the fact that our dialogue with the stock market has been inadequate and, in response, formulated an "IR Strategy" in October 2020. We have revamped our information disclosure and dialogue activities and significantly strengthened our IR structure. The opinions and requests we receive from dialogue with our shareholders and investors are discussed at length in Board of Directors' meetings and measures are put in place to realize them. On the back of our efforts to strengthen management and increase our information disclosure, we ourselves are feeling the change.

Fostering the understanding of our shareholders and investors will be important if we are to resolve the matter of the P/B ratio remaining below 1x. Over the past several years, I feel that interest in the Company's activities has steadily increased, so that our share price has been evaluated higher than before, which I believe is one of the results of our efforts to improve communication. In order to further strengthen this trend, we will continue to make improvements to our disclosure of both financial and non-financial information so that the growth of the Company can be seen with more certainty.

Progress of Medium-term Management Plan, Value Up+

Medium-Term Management Plan, Value Up+

As part of efforts to realize The Nisshin OilliO Group Vision 2030, since fiscal 2021 we have been busy implementing our medium-term management plan Value Up+ as a specific growth strategy covering the first four years of Vision 2030. With Value Up+ we are working to accelerate our growth trajectory with CSV as the main driver in accordance with our basic policy of "Transforming ourselves into a corporate group that continuously creates diverse values through customer centricity." By clarifying that the Group's core competence lies in oils and fats, and by further reinforcing it as a driving force for growth to expand the scope of value creation, we aim to pursue our strategy of increasing sales in Japan and leap forward to become a global top provider of oils and fats solutions.

Status of management metrics

Results for fiscal 2022 and outlook going forward

During the first two years of the medium-term management plan Value Up+, we have been operating under an extremely challenging business environment resulting from the prolonged effects of the COVID-19 pandemic, historically high costs for the raw materials required for oils and fats, and rising costs for both energy and logistics. Through careful explanations of the current situation based on the relationships of trust we have built with our business partners, we have been able to formulate sales prices commensurate with these rising costs. Furthermore, owing to factors such as increased profits overseas, in fiscal 2022, we were able to record net sales, operating profit, ROE, and ROIC all in excess of our initial targets. On the other hand, operating cash flow fell below initial expectations due to the impact of increased working capital required to cover the soaring costs of raw materials.

With regard to ROE for fiscal 2023, although we expect that total assets turnover will reduce as a result of lower raw material costs, we are planning to maintain the ROE of 7.0% from fiscal 2022 to fiscal 2023 due to the improved profit margins in domestic oils and fats. We will realize steady improvements to profitability through pricing strategies for domestic oils and fats, the provision of technical solutions, and through value-creation type initiatives. In order to improve cash flow and asset efficiency, we will also implement management practices focused on ensuring asset efficiency more than ever before.

	FY2021 results	FY2022 results	FY2023 (plan)	FY2024 targets
Net sales	¥432.7 billion	¥556.5 billion	¥540 billion	¥540 billion
Operating profit	¥11.6 billion	¥16.1 billion	¥16 billion	¥17 billion
ROE	5.7%	7.0%	7.0%	8.0%
Profit margin on sales	2.0%	2.0%	2.1%	2.3%
Total asset turnover	1.4	1.6	1.4	1.5
Financial leverage	210%	230%	230%	230%
Cumulative operating cash flows	–¥26.6 billion	–¥26.2 billion	¥12.5 billion	¥40.0 billion
ROIC	4.1%	4.5%	4.4%	4.6%

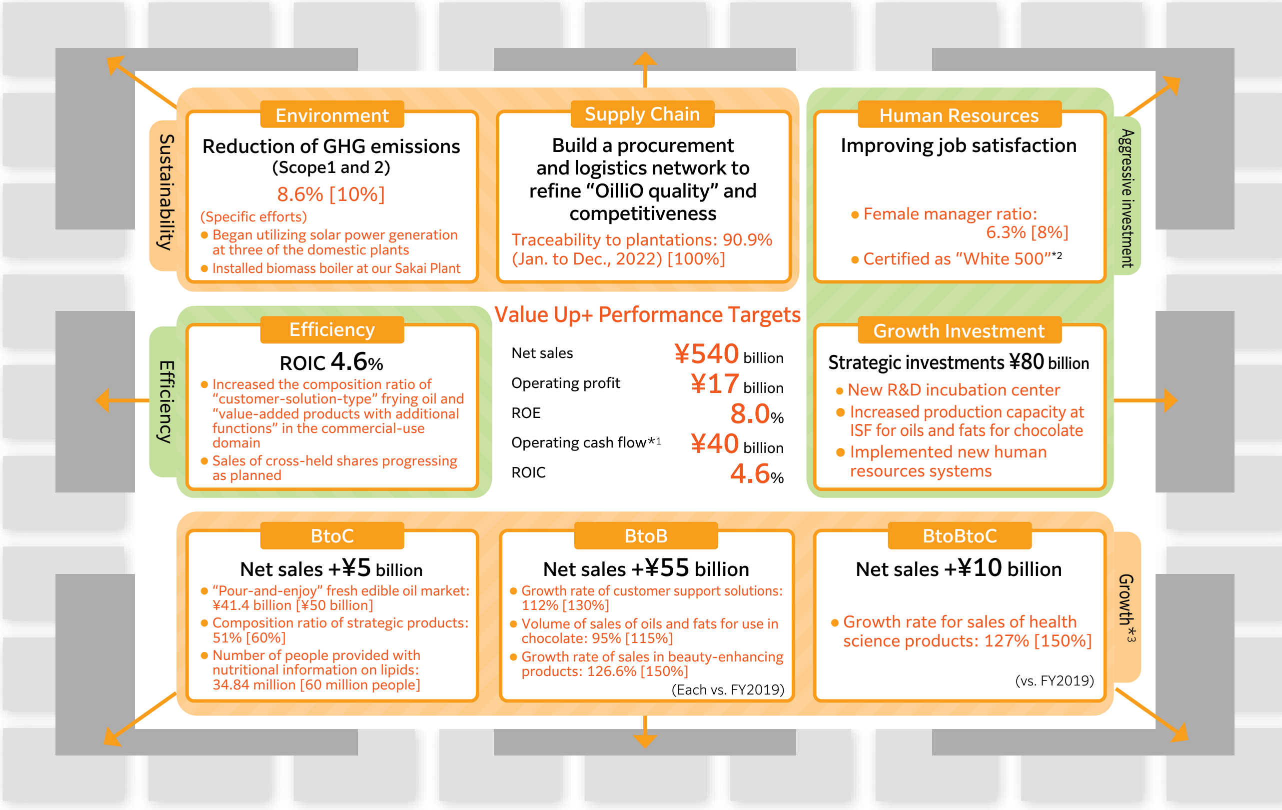
* ROE: Profit / ((Equity capital at start of period + Equity capital at end of period) ÷ 2)
ROIC: (Operating profit after tax + Equity in earnings of affiliates) / ((Invested capital at start of period + Invested capital at end of period) ÷2)

Progress of achievement chart

We have established a framework for KPI management (achievement chart) during the period of Value Up+ with the aim of steadily implementing initiatives in each priority area to achieve the objectives of Vision 2030. We have organized our initiatives to achieve the performance targets set out in Value Up+ from the four perspectives of "growth," "aggressive investment," "sustainability" and "efficiency," and have developed the targets into eight KGIs including CSV goals and the specific action goals derived from the KGIs into 64 KPIs, through which we are managing the progress of our plan. (Refer to P. 23 for KPIs for fiscal 2024)

The progress we have made in fiscal 2022 against the KPI targets set for fiscal 2024 as laid out in this framework are as follows:

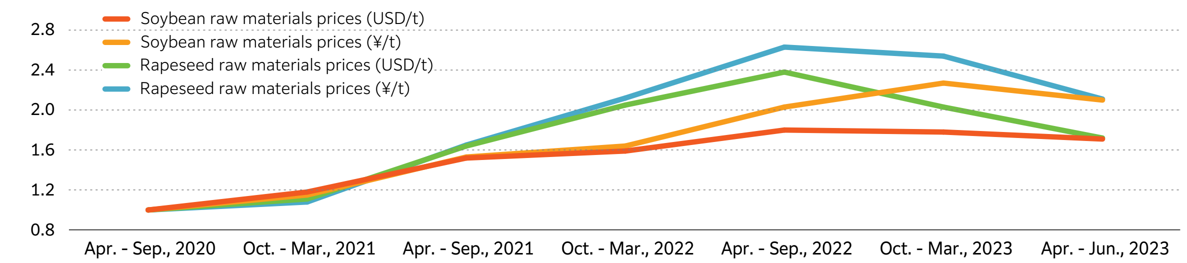
[ ]: FY2024 targets



*1 4-year cumulative for FY2021-2024 *2 "Health and Productivity Management Organization"(Ministry of Economy, Trade and Industry)
*3 Net sales target in terms of growth is the amount of sales expansion through value creation, not inclusive of the impact of sales price revisions in response to higher raw material prices.

TOPICS Soaring raw materials prices and context

Over the past two years, the raw materials prices for soybeans and rapeseed have soared to historic highs. The reason behind this is three-tiered. The first tier is increased demand for oils and fats due to global population growth. The second tier is increased demand for oils and fats as biofuels to reduce GHG emissions in various countries. Finally, the third tier comprises decrease in the harvest of oilseeds due to heat waves and other abnormal weather conditions, the historic depreciation of the yen, and the impact of Russia's invasion of Ukraine on grain market prices. Although the situation with regard to the third tier of factors is starting to ease in some areas, the situation with regard to the first and second tiers is expected to remain tight owing to structural issues.



* Index with Apr. - Sep., 2020 set as 1 (aggregated by the Company)