

Performance and Corporate Information

Management's Discussion and Analysis of Financial Position and Results of Operation (MD&A)

Business Performance

Recognition, analysis and review of business performance for fiscal 2022

Analysis of business performance

(1) Status of business performance

Although the global economy showed signs of a recovery in fiscal 2022, primarily in the United States and Europe, there are concerns of a recession on the back of supply chain disruptions caused by Russia's invasion of Ukraine and tighter monetary policies in various countries to help curb inflation.

There was also a slight movement toward a recovery in the Japanese economy following the easing of movement restrictions in place since the COVID-19 pandemic. However, owing to rising prices in response to soaring raw materials and energy prices, there are concerns about deteriorating corporate profits and a stagnation in the consumer mindset.

In this environment, results for the fiscal year ended March 31, 2023 were as follows: Net sales increased by 28.6% year on year to ¥556,565 million, operating profit increased by 38.7% year on year to ¥16,186 million, ordinary profit increased by 28.4% year on year to ¥16,242 million, and profit attributable to owners of parent increased by 29.8% year on year to ¥11,157 million while ROE increased by 1.3 points year on year to 7.0% and ROIC increased by 0.4 points year on year to 4.5%.

The overseas sales ratio in fiscal 2022 increased by 1.1 points year on year to 22.8%. Sales to Asia, including Malaysia and China, and sales to other regions, including Europe and the United States, increased due to higher sales prices on the back of soaring raw materials prices and the impact of foreign currency translation.

(2) Status of business segments

Oil and Fat Business

In the Oil and Fat Business segment, there has been increased demand for oils and fats on the back of the recovery in the global economy following the COVID-19 pandemic as well as a continuation of rising prices for raw materials resulting from supply concerns following Russia's invasion of Ukraine and the on-going weakening of the yen against the U.S. dollar in response to divergence in monetary policy between Japan and the United States. Amid this situation, we have been fully committed to improving productivity and cost reductions and have been working to formulate appropriate sales prices. Furthermore, by focusing our efforts on expanding sales of value-added products, creating new markets, and strengthening the quality of our solutions proposals, both net sales and operating profit increased.

Processed Food and Materials Business

In the Processed Food and Materials Business segment, despite revisions to sales prices and the impact of foreign currency translation at overseas subsidiaries, etc., net sales increased but operating profit fell mainly due to the effect of rises in the cost of sales ratio.

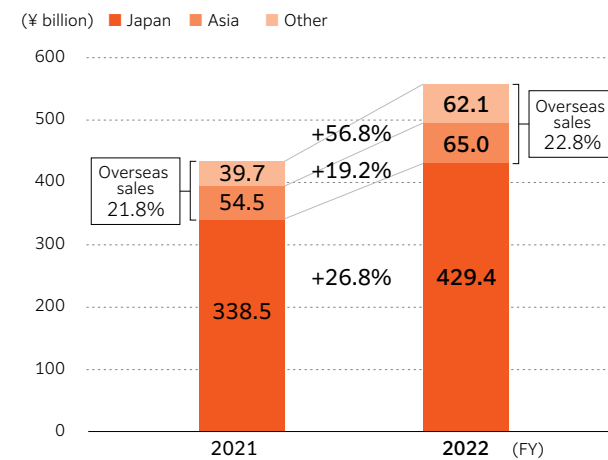
Fine Chemical Business

In the Fine Chemical Business segment, despite lower sales volumes, primarily of general-purpose products, following the slowdown in the recovery in demand both domestically and overseas, both net sales and operating profit increased due to strong sales at our European subsidiary and efforts to sell at appropriate prices relative to increased raw materials prices.

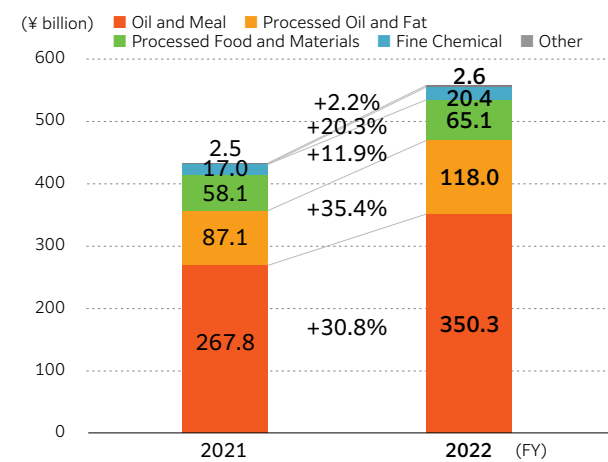
Other

In other Business segment, including IT systems, both net sales and operating profit increased.

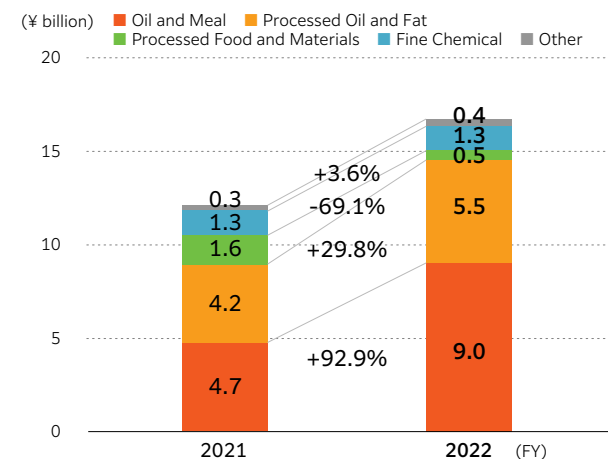
Net sales by region



Net sales by segment



Operating profit by segment



Financial Position and Cash Flows

Status of financial position and business performance

(1) Status of financial position

Total assets at the end of fiscal 2022, stood at ¥374,453 million, up by ¥29,946 million from the end of fiscal 2021. The main reasons for this increase were increases of ¥11,378 million in accounts receivable-trade, ¥21,229 million in inventories, and ¥449 million in intangible assets.

Liabilities stood at ¥203,034 million, up by ¥22,842 million from the end of fiscal 2021. The main reasons for the increase were increases of ¥6,217 million in trade payables, ¥1,901 million in accrued expenses, ¥2,700 million in income taxes payable, and ¥14,118 million in long-term borrowings.

Net assets stood at ¥171,418 million, up by ¥7,104 million from the end of fiscal 2021. The main factors in the increase were increases of ¥7,520 million in retained earnings and ¥2,570 million in foreign currency translation adjustment.

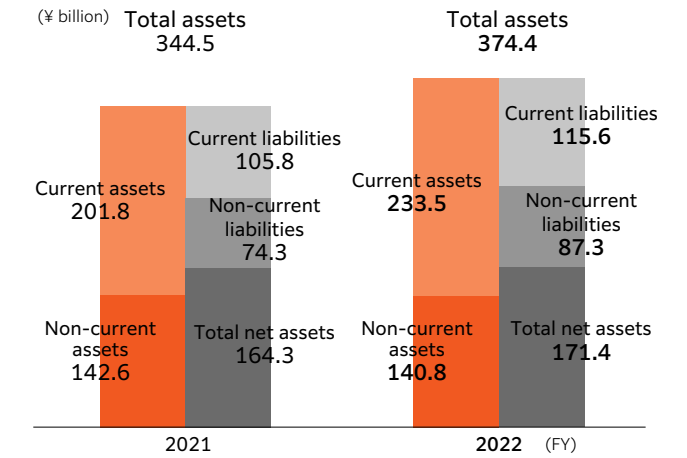
(2) Status of cash flows

Operating activities provided net cash of ¥398 million. The main factors increasing cash were profit before income taxes of ¥15,323 million, depreciation of ¥9,388 million, and increase in trade payables of ¥4,187 million. The main factors decreasing cash were an increase in accounts receivable-trade of ¥9,416 million and an increase in inventories of ¥19,710 million.

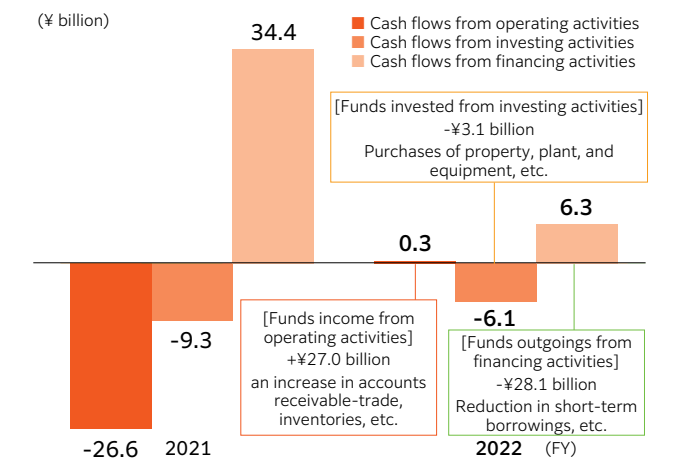
Investing activities used net cash of ¥6,143 million. The main factor decreasing cash was purchase of property, plant and equipment of ¥7,232 million.

Financing activities provided net cash of ¥6,342 million. The main factors increasing cash was a net increase in short-term borrowings of ¥1,091 million and proceeds from long-term borrowings of ¥15,012 million. There was also a decrease in cash due to repayment of long-term borrowings of ¥6,812 million and dividends paid of ¥2,919 million.

Changes in total assets



Changes in cash flow



Capital Expenditure and Research & Development

Status of capital expenditure

In accordance with our basic policy of continuing with business restructuring, by shifting focus to a more growth-oriented path, the Group made capital expenditure of ¥10,270 million, mainly in Oil and Fat and Processed Food and Materials Businesses, with emphasis on profitability of investments, taking into

consideration strategic characteristics, importance and urgency. In fiscal 2022, investments amounted to ¥8,672 million in Oil and Fat Business, ¥1,193 million in Processed Food and Materials Business, ¥360 million in Fine Chemical Business, and ¥444 million in the Other Business.

Status of research & development

Total R&D expenses in fiscal 2022 were ¥3,128 million (¥2,702 million in fiscal 2021). The breakdown of R&D expenses by segment is as follows.

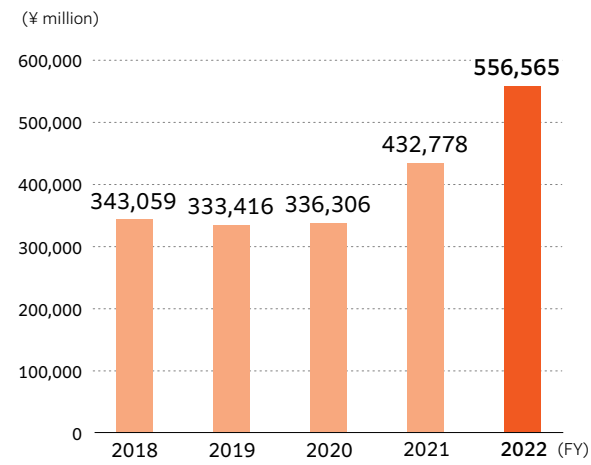
FY2022 (¥ million)			
Oil and Fat Business	Processed Food and Materials Business	Fine Chemical Business	Total
2,010	576	542	3,128

Performance and Corporate Information

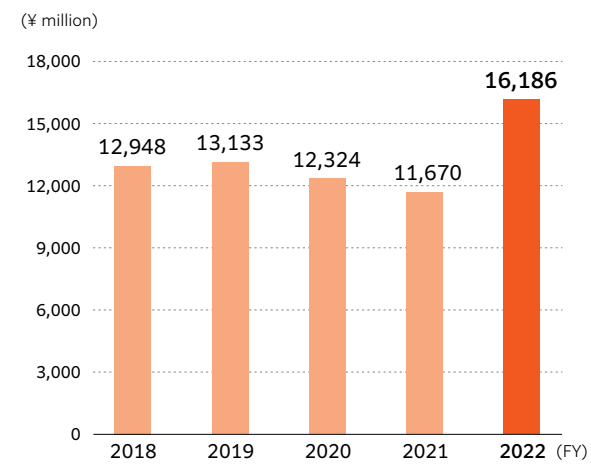
Financial/Non-Financial Highlights

Financial Highlights

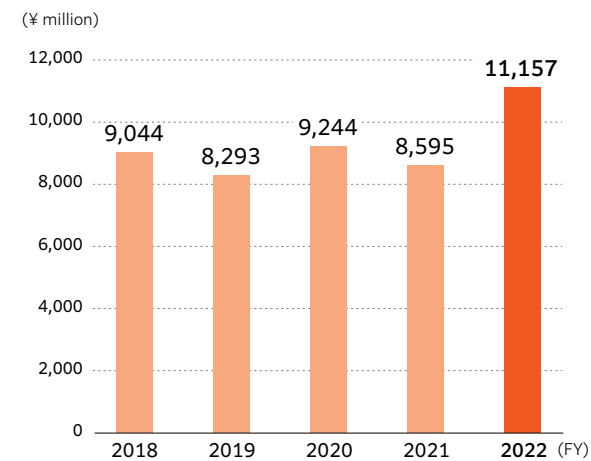
Net sales



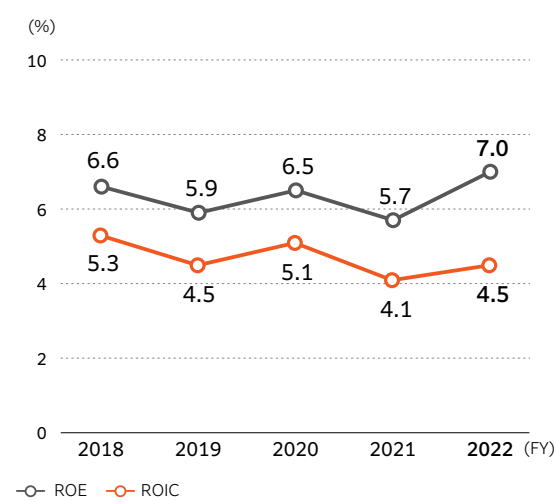
Operating profit



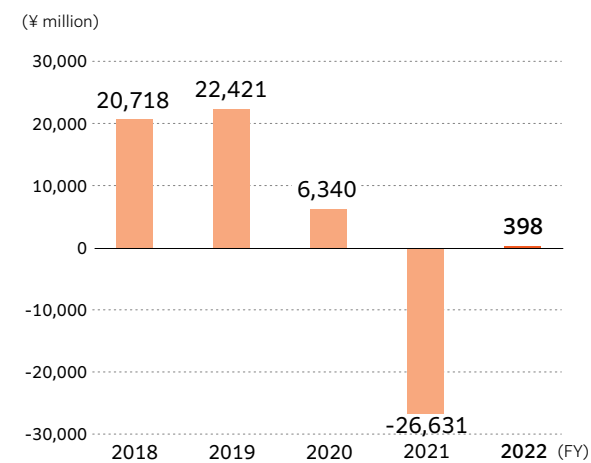
Net profit attributable to owners of parent



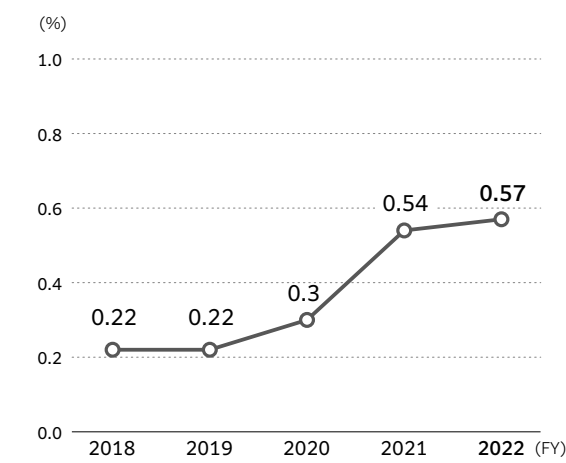
ROE/ROIC



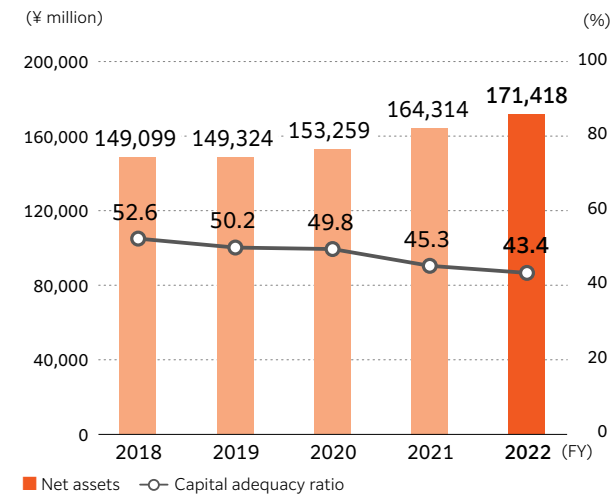
Operating cash flows



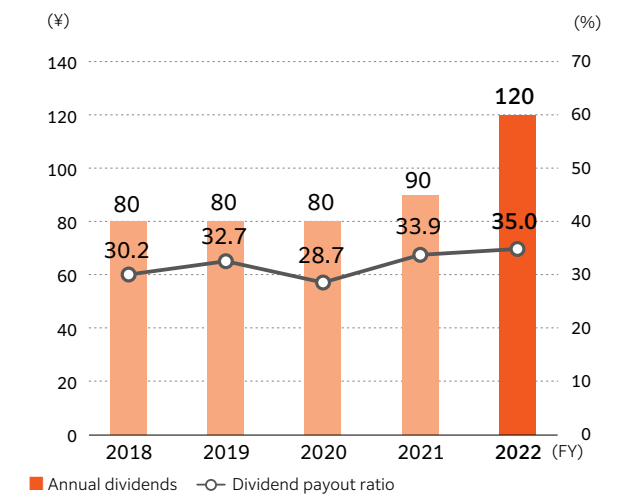
Net D/E ratio



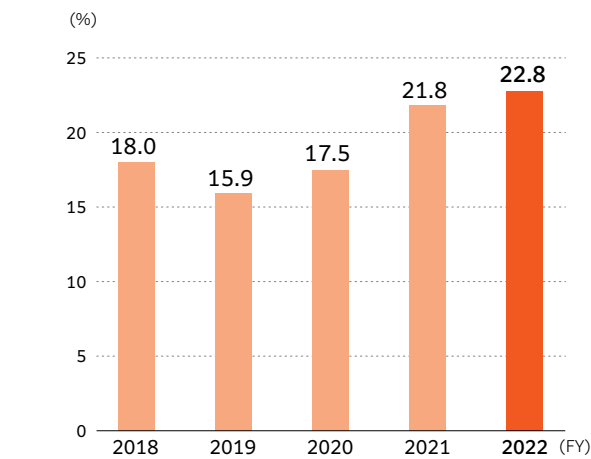
Net assets/Capital adequacy ratio



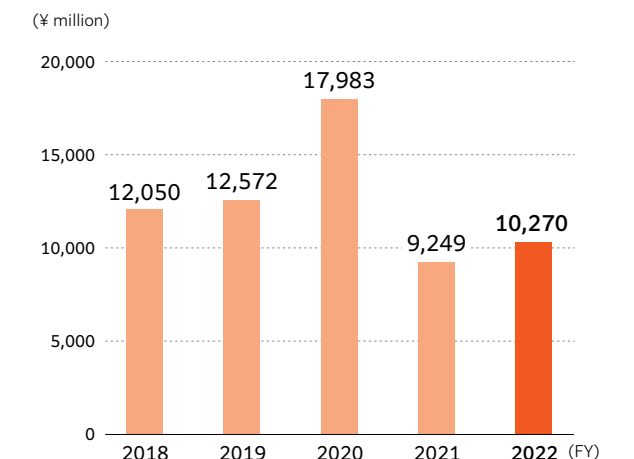
Annual dividends/ Dividend payout ratio



Overseas sales ratio

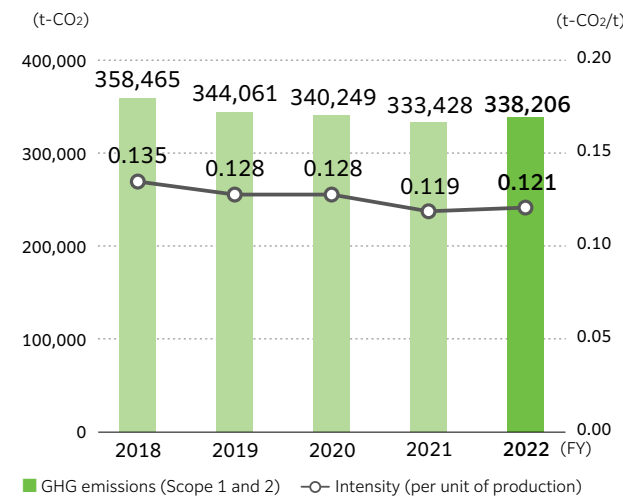


Capital expenditure

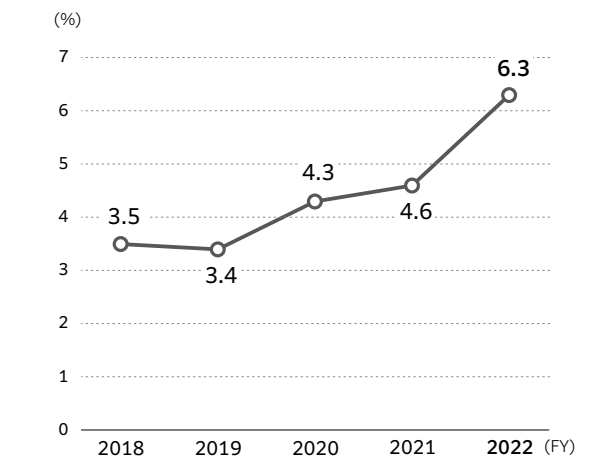


Non-Financial Highlights

GHG emissions (Scope 1 and 2) / Intensity (per unit of production)



Ratio of female managers



For non-financial information, please refer to SUSTAINABILITY Data Book on our website.
<https://www.nisshin-oillio.com/english/sustainability/report/>



Company Information

Company Profile

Company name	The Nisshin Oillio Group, Ltd.
Head office	1-23-1 Shinkawa, Chuo-ku, Tokyo 104-8285, Japan
Telephone	+81-3-3206-5005
Paid-in capital	¥16,332 million (as of March 31, 2023)
Net sales	¥556,565 million (consolidated; fiscal year ended March 31, 2023)
Number of employees	3,001 (consolidated; as of March 31, 2023)

Directors and Audit & Supervisory Board Members

Representative Director and President	Takahisa Kuno	
Representative Director	Hidetoshi Ogami	
Directors	Yasushi Kawarasaki	Arata Kobayashi
	Masato Saegusa	Yoshiharu Okano
Directors (Outside)	Isao Yamamoto	Emi Machida
	Naomi Eto	
Audit & Supervisory Board Members (full-time)	Katsuhito Oba	Nobuyuki Watanabe
Audit & Supervisory Board Members (Outside)	Tomotake Kusamichi	Sayaka Sumida

Domestic Network

Osaka Office, Yokohama Isogo Complex (Yokohama Isogo Plant), Nagoya Plant, Sakai Plant, Mizushima Complex (Mizushima Plant), Central Research Laboratory, Hokkaido Branch, Tohoku Branch, Kanto Shin-etsu Branch, Tokyo Branch, Tokai-hokuriku Branch, Osaka Branch, Chu-shikoku Branch, Kyushu Branch, Morioka Sales Office, Koriyama Sales Office, Niigata Sales Office, Nagano Sales Office, Saitama Sales Office, Yokohama Sales Office, Shizuoka Sales Office, Hokuriku Sales Office, Shikoku Sales Office, Okayama Sales Office, Kagoshima Sales Office, Yokohama Kanagawa Office

Four Domestic Production Sites

<p>1 Yokohama Isogo Complex Site area: Approx. 233,100 m²</p> 	<p>2 Nagoya Plant Site area: Approx. 98,800 m²</p> 
<p>3 Sakai Plant Site area: Approx. 28,800 m²</p> 	<p>4 Mizushima Complex Site area: Approx. 110,000 m²</p> 



Major Group Companies (Japan)

Settsu Inc.
Nisshin Shoji Co., Ltd.
Nisshin Logistics Co., Ltd.
NSP Co., Ltd.
Daito Cacao Co., Ltd.
Nisshin Shokai Co., Ltd.
Marketing Force Japan, Inc.
Nisshin Finance Co., Ltd.
The Golf Joy Co., Ltd.
Oilseed Processing Partners Japan, Ltd. (establishment scheduled for Oct 2, 2023)
PIETRO Co., Ltd.
Wakou Shokuhin Co., Ltd.
Saiwai Trading Co., Ltd.

Major Group Companies (Overseas)

Shanghai Nisshin Oil & Fats, Ltd.
The Nisshin Oillio (China) Investment Co., Ltd.
The Nisshin Oillio (Shanghai) International Trading Co., Ltd.
Intercontinental Specialty Fats Sdn. Bhd.
Industrial Química Lasem, S.A.U.
T.&C. Manufacturing Co., Pte. Ltd.
PT Indoagri Daitocacao
Intercontinental Specialty Fats (Shanghai) Co., Ltd.
Intercontinental Specialty Fats (Italy) S.r.l.
IQL-USA Inc.
COFCO Nisshin (Dalian) Co., Ltd.
President Nisshin Corp.
Zhangjiagang President Nisshin Food Corp.

Notes: 1. Information on this page is valid as of September 30, 2023, except where otherwise noted.
2. Major Group companies include equity-method affiliates.

Stock Information

Status of Shares (as of March 31, 2023)

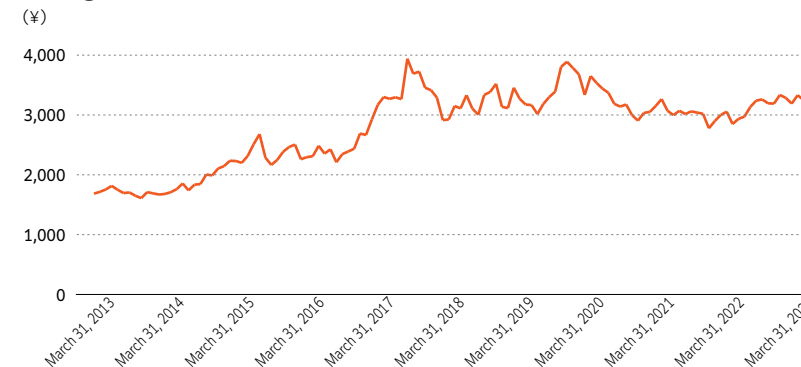
Authorized	77,670,000 shares
Issued	32,577,766 shares (excluding 1,138,491 shares of treasury stock)
Number of shareholders	42,102

Principal Shareholders (as of March 31, 2023)

	Shareholdings (thousands)	Percentage of total shares (%)
Marubeni Corporation	5,200	15.96
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,372	13.42
Custody Bank of Japan, Ltd. (Trust Account)	2,490	7.65
Sompo Japan Insurance Inc.	703	2.16
DFA International Small Cap Value Portfolio	650	2.00
Kikkoman Corporation	470	1.44
Taisei Corporation	462	1.42
MUFG Bank, Ltd.	379	1.16
STATE STREET BANK WEST CLIENT - TREATY 505234	355	1.09
Aioi Nissay Dowa Insurance Co., Ltd.	334	1.03

Notes: 1. The Nisshin Oillio Group holds 1,138,491 shares of treasury stock, but it is not listed among the principal shareholders above.
2. The percentage of total shares issued is calculated excluding treasury stock.

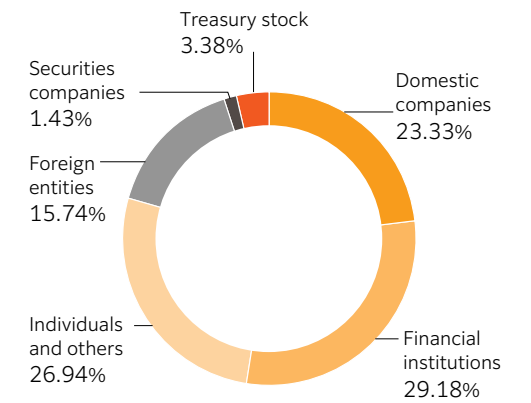
Changes in Share Price



Websites

	Corporate information https://www.nisshin-oillio.com/english/
	Investor Information https://www.nisshin-oillio.com/english/inv/
	Sustainability https://www.nisshin-oillio.com/english/sustainability/
	Sustainability Data Book https://www.nisshin-oillio.com/english/sustainability/report/

Breakdown of Shareholders (as of March 31, 2023)



Domestic companies	317 entities; 7,867,051 shares
Financial institutions	32 entities; 9,839,458 shares
Individuals and others	41,467 entities; 9,082,635 shares
Foreign entities	250 entities; 5,308,163 shares
Securities companies	35 entities; 480,459 shares
Treasury stock	1 entity; 1,138,491 shares

Note: The pie chart shows the percentage of shares.

Inclusion in Indices

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



Certification of Third-party Organizations

	"Platinum Kurumin"
	"White 500" (Large Enterprise Category)
	"Eruboshi"

Indices/third-party organization certification, etc.
<https://www.nisshin-oillio.com/company/sustainability/certification/>