



"The Natural Power of Plants"

Second Quarter of FY2021

Financial Results Briefing

The Nisshin Oillio Group, Ltd.

November 12, 2021



Summary

Actual Results

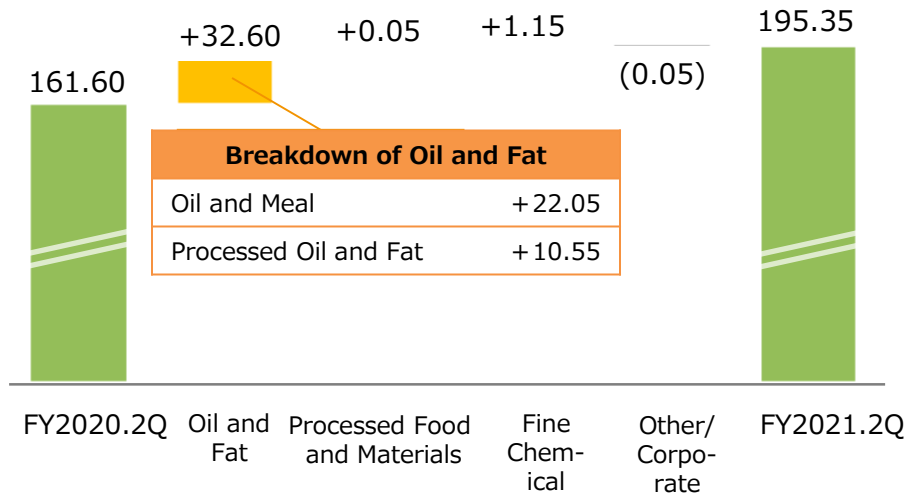
- Net sales increased YoY due to sales price revisions while raw material prices soared.
- Profits declined, being unable to absorb surge in raw material prices despite sales price revision and promotion of value-added products.

(Million yen)	Second Quarter FY2021	Second Quarter FY2020	YoY	
			Change	%
Net sales	195,329	161,613	+33,716	+20.9%
Oil and Fat	160,022	127,424	+32,597	+25.6%
Oil and Meal	123,269	101,233	+22,036	+21.8%
Processed Oil and Fat	36,752	26,191	+10,561	+40.3%
Processed Food and Materials	25,739	25,713	+26	+0.1%
Fine Chemical	8,265	7,129	1,136	+15.9%
Other/Corporate	1,302	1,345	(43)	(3.2%)
Operating profit	6,284	7,867	(1,583)	(20.1%)
Oil and Fat	5,096	7,386	(2,290)	(31.0%)
Oil and Meal	2,607	4,743	(2,135)	(45.0%)
Processed Oil and Fat	2,489	2,643	(154)	(5.8%)
Processed Food and Materials	630	497	+132	+26.6%
Fine Chemical	787	436	+351	+80.5%
Other/Corporate	(230)	(453)	+222	—
Ordinary profit	7,171	7,961	(789)	(9.9%)
Profit attributable to owners of parent	5,298	5,570	(272)	(4.9%)
Percentage of overseas sales	20.0%	17.5%	+2.5p	—

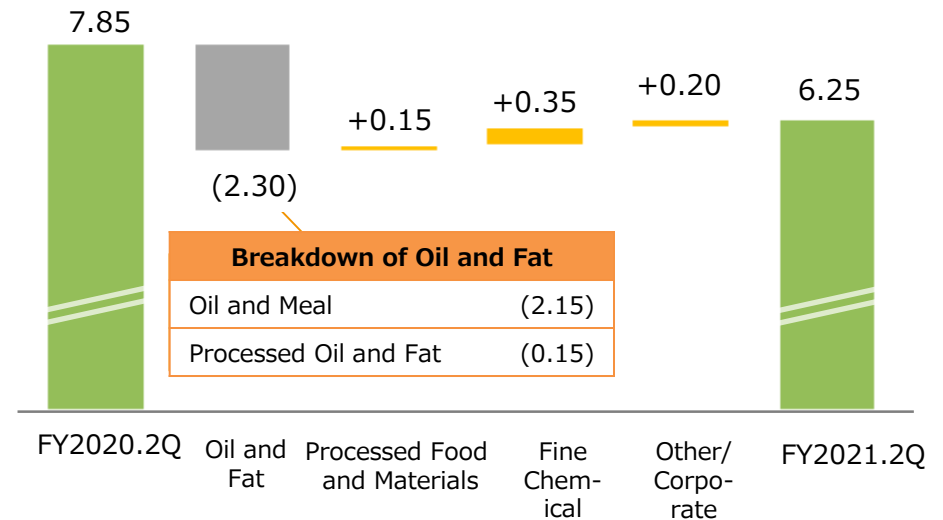
Factors Impacting Net Sales and Operating Profit YoY

(Billion yen)

Changes in net sales



Changes in operating profit



Factors impacting net sales

- **Oil and Fat**
 - Revisions to sales prices in connection with increase in raw material costs ↑
 - Increase in sales volume of commercial-use products associated with rebound in demand for eating out ↑
 - Decrease in sales volume for general-purpose household-use products compared with same period previous year, when demand for home cooking surged ↓
 - Increase in sales volume of value-added products, such as sesame oil and supplement-type oils for household use ↑
- **Processed Food and Materials**
 - Increase in sales volume of MCT products ↑
- **Fine Chemical**
 - Increase in sales volume overseas, especially in China, Europe, and North America ↑

Factors impacting operating profit

- **Oil and Fat**
 - Increase in raw material costs for domestic-use oil and fat ↓
 - Increase in raw material costs for overseas processed oil/fat ↓
 - Increase in sales prices of oil and meal, and processed-oil/fat products ↑
 - Increase in earnings on market-to-market valuation of palm oil transactions ↑
- **Processed Food and Materials**
 - Sales cost reduction of chocolate products ↑
- **Fine Chemical**
 - Increase in sales volume overseas, especially in China, Europe and North America ↑
 - Increase in depreciation costs incurred with the start of operations at the new plant ↓
 - Decrease in sales volume of high-margin products for environment- and hygiene-related products ↓

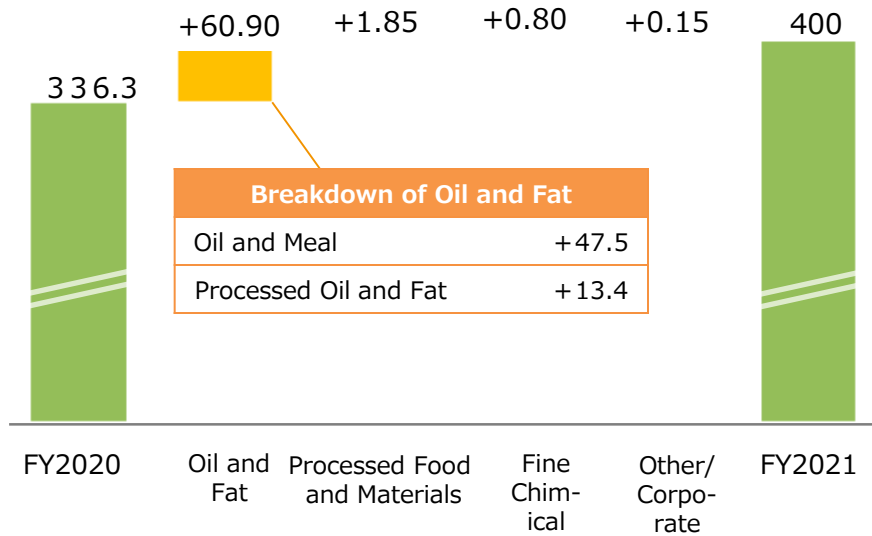
Earnings Forecast for FY2021

- No change from full-year earnings forecasts made at the end of first quarter.
- A delay in the recovery of demand due to COVID-19, and further deterioration in the oil extraction environment are expected in the second half of the FY. Must continue to focus on revising sales prices and expanding sales of value-added products.

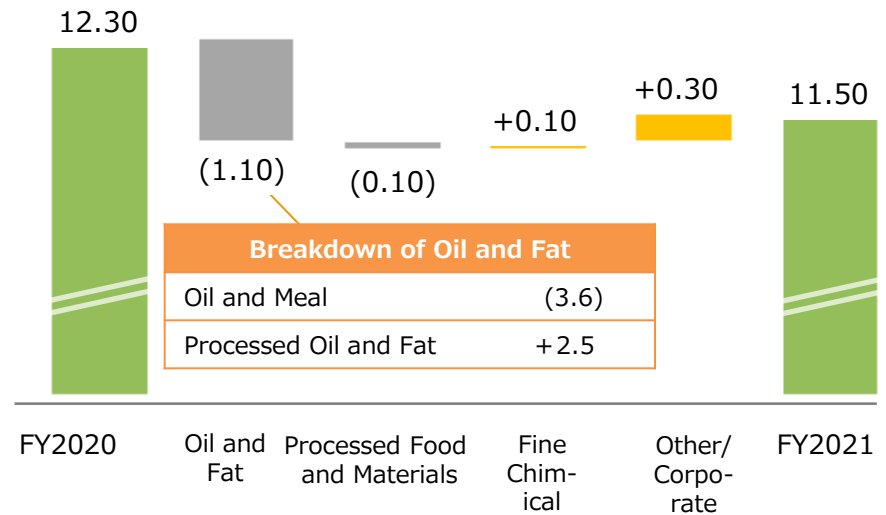
(Million yen)	FY2021 Revised Forecast	FY2020 Results	YoY	
			Change	%
Net sales	400,000	336,306	+63,693	+18.9%
Oil and Fat	327,000	266,132	+60,867	+22.9%
Oil and Meal	260,000	212,514	+47,485	+22.3%
Processed Oil and Fat	67,000	53,617	+13,382	+25.0%
Processed Food and Materials	55,000	53,146	+1,853	+3.5%
Fine Chemical	15,000	14,194	+805	+5.7%
Other/Corporate	3,000	2,834	+165	+5.9%
Operating profit	11,500	12,324	(824)	(6.7%)
Oil and Fat	9,300	10,419	(1,119)	(10.7%)
Oil and Meal	5,950	9,548	(3,598)	(37.7%)
Processed Oil and Fat	3,350	870	+2,479	+284.9%
Processed Food and Materials	1,700	1,810	(110)	(6.1%)
Fine Chemical	900	792	+107	+13.6%
Other/Corporate	(400)	(697)	+297	—
Ordinary profit	12,000	13,836	(1,836)	(13.3%)
Profit attributable to owners or parent	7,700	9,244	(1,544)	(16.7%)

Earnings Forecast for FY2021 (Factors impacting the changes) (Billion yen)

Changes in net sales



Changes in operating profit



Factors impacting net sales

- **Oil and Fat**
 - Revisions to sales prices in connection with an increase in raw material costs ↑
 - Increase in sales volume of commercial-use products associated with a rebound in demand for eating out ↑
 - Decrease in sales volume for household-use products ↓
- **Processed Food and Materials**
 - Increase in sales volume of chocolate products in Japan and overseas ↑
 - Increase in sales volume of seasonings and MCT products ↑
- **Fine Chemical**
 - Increase in sales volume of raw materials for cosmetics due to a rebound in demand ↑

Factors impacting operating profit

- **Oil and Fat**
 - Rising raw materials costs in Oil and Meal, and Processed Oil and Fat ↓
 - Increase in sales price of oil and meal and processed oil and fat products ↑
 - Gain on market-to-market valuation on palm oil transactions ↑
- **Processed Foods and Materials**
 - Increase in sales volume of chocolate products in Japan and overseas ↑
 - Increase in depreciation costs in connection with the start of operation of a new plant and rising costs for MCT products ↓
- **Fine Chemical**
 - Increase in sales volume of raw materials for cosmetics ↑
 - Increase in depreciation costs in connection with the start of operation of a new plant ↓

Earnings Forecast for Second Half of FY2021: Key Points

Market condition

Domestic market

- Demand recovered due to the lifting of the state of emergency, easing or elimination of COVID-19 control measures and government economic measures.
- Demand for commercial-use products is expected to recover during the year-end/New Year's with the lifting of the state of emergency. There are concerns, however, that the speed of recovery will be slow.
- Although household-use products demand will continue to decline compared to last year when demand surged, the market for value-added products will continue to expand.

Overseas markets

- Gradual recovery will continue as countries balance COVID-19 prevention measures with economic activities.
- Concerns: Stagnation in the global supply chain and soaring resource prices.

Raw material procurement

- Demand for oils and fats continues to rise in line with economic recovery, while grain prices remain high.
- Oil values remain high on the back of rising demand for biofuels.
- Concerns: Global rapeseed production reduction and quality (low oil content) of new grain rapeseed from Canada.

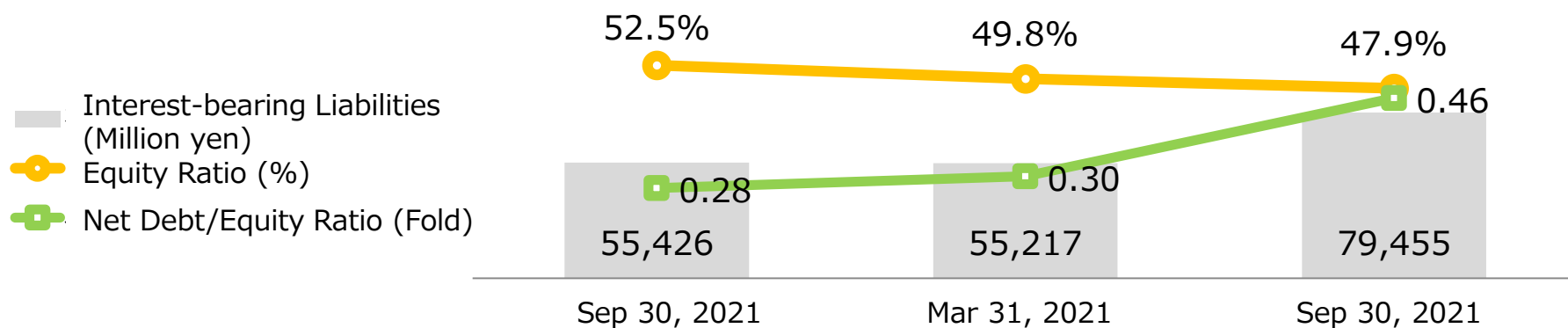
Sales and price revisions (oil and fat)

- Despite sluggish consumer sentiment and a delay in the recovery of demand in the food service industry, the revisions up to August have largely taken effect in line with market price.
- Aiming to make the November revision effective as soon as possible by making earnest requests to clients/suppliers.

Consolidated Balance Sheet

(Million yen)

Item	End of Sept. 2021	End of March 2021	Change	Comments
Total assets	318,865	292,154	+26,711	
Current assets	173,029	150,918	+22,110	e.g., increase in trade-receivables and inventories
Non-current assets	145,765	141,158	+4,607	
Total liabilities	158,430	138,894	+19,536	
Interest-bearing liabilities	79,455	55,217	+24,238	Increase in borrowings
Other liabilities	78,974	83,676	(4,701)	
Total net assets	160,434	153,259	+7,174	
Shareholders' equity	142,465	138,418	+4,047	
Total accumulated other comprehensive income	10,303	7,133	+3,169	
Non-controlling interests	7,665	7,707	(41)	



Cash Flow, Shareholder Returns

Cash flow (CF)

(Million yen)

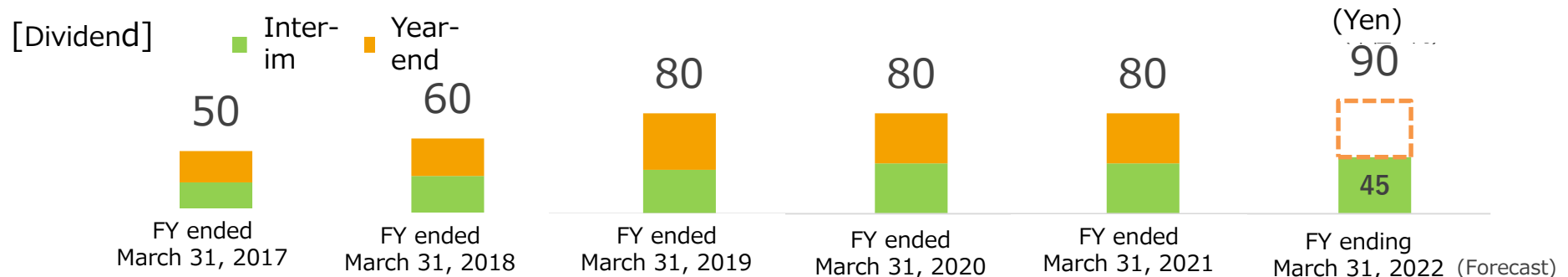
Item	Second Quarter FY2021	Second Quarter FY2020	Change	Comments
Operating CF	(17,251)	(2,670)	(14,580)	i.e., increase in working capital due to higher raw material costs
Depreciation	4,287	3,979	+ 307	
Investing CF	(6,900)	(6,714)	(186)	
Financing CF	22,736	(778)	+ 23,514	i.e., borrowing as interest-bearing liabilities

Shareholder returns

Return policy under *Value Up+*

Aim for a total return ratio of 50% over the four-year period.

- Stable dividend
- Flexible acquisition of treasury stock considering business environment and other factors



Note: On October 1, 2017, the Company conducted a reverse stock split at a ratio of one share for every five shares of common stock; the adjusted dividend is shown in accordance with the reverse stock split for the fiscal year ended March 31, 2018 and earlier.



Medium-term Management Plan: **State of Progress**

Positioning of the Medium-term Management Plan *Value Up+* and Business Goals

Value Up+
FY2024 Business Goals

Net sales	Operating profit	ROE
400	17	8%
Billion yen	Billion yen	

The Nisshin OilliO Group Vision 2030

Become a corporate group with annual net sales of ¥500 billion, operating profit of ¥30 billion, and ROE of 8%+ by applying **customer centricity** to our business

Create diverse shared values (CSV)

FY2017

FY2021

FY2024

FY2030

Previous Medium-Term Management Plan
FY2017–2020

OilliO Value Up 2020

Continue with business restructuring, but shifting focus to a more growth-oriented path

New 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 trajectory with CSV as the main driver

FY2025 – 2030

Strategic Marketing

×

Technological Innovation

×

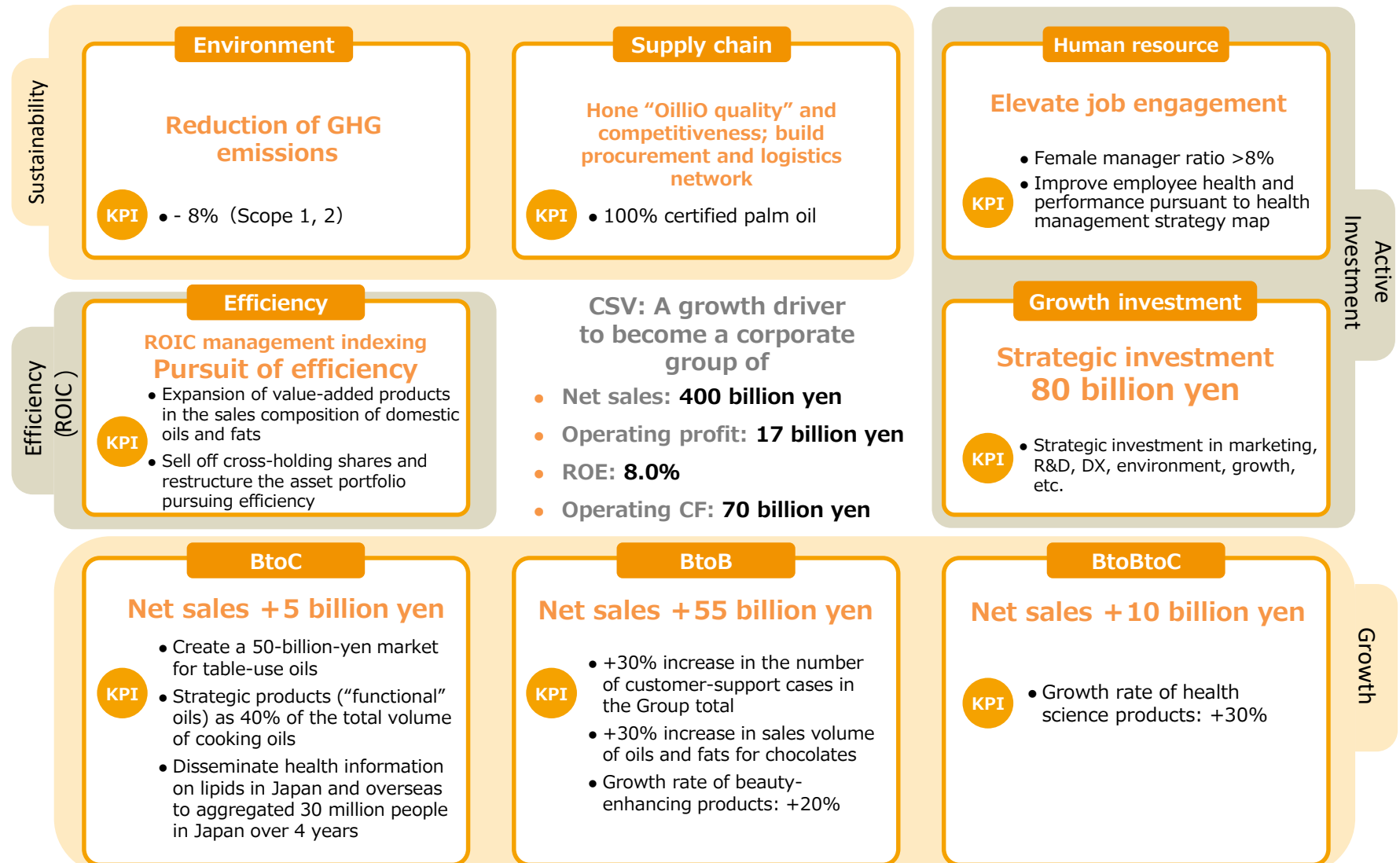
Globalization

Group Vision 2030: Shared Values and CSV Goals in Our Priorities

Our Priorities	CSV Goals			
	Goals	FY2019 Result	FY2024 Target	FY2030 Target
Good health for all	Growth rate for sales of products that contribute to society through “the power of health and energy”	(Base year)	+30%	+100%
	Develop products that enhance people's good health based on knowledge of lipid nutrition			
	Number of lipid health information provided (total, from FY21 to FY30)	Approx. 3.5 million people	Total 30 mil.	Total 100 mil.
Quality of life	Provide “good flavor” to the dining table and refine our brand to foster enrichment of people’s lives			
	Create products that highlight the “good flavor” and “beauty” of food			
	Growth rate for sales of products that realize “beauty”	(Base year)	+20%	+100%
Global environment	Reduction ratio of GHG emissions (Scope 1 and 2, vs. FY16)	4.2%	8%	31%
	Reduction ratio of GHG emissions (Scope 3)	To be disclosed in FY21		
	Reduce use of plastic containers and packaging, and promote resource recycling			
	Develop products and services that positively impact the environment utilizing plant resources			
Contribution to the food value chain	Ensure stable supply of food energy in Japan (ratio of total domestic energy)	6%+	6%+	6%+
	Growth rate of customer support solutions	(Base year)	+30%	+50%
Supply chain connected by trust	Percentage of certified palm oil sourced	45.6%*	100%	100%
	Percentage of RSPO-SG-certified palm oil sourced	45.5%*	-	50%
	Ensure traceability to plantation	*January-June 2020 result	Palm oil 100%	Palm kernel oil 100%
	Promote initiatives to enhance the sustainability of soybeans			
	Procure sustainable cacao			
	Joint transport system coverage rate	32.6%	50%	50%
Human resource management	Percentage of employees feeling highly engaged in their work	63.7%	70%	80%
	Female manager ratio	3.6%	8%	20%

KPI Management Framework to Achieve *Value Up+* Business Goals

To achieve *Value Up+* business goals, establish a framework from the perspective of Active Investment, Growth, Sustainability, and Efficiency (ROIC) to promote actions monitored by KPIs.



Growth

BtoC

Initiatives for FY2024

Expand the domestic household-use market by strategically improving the value of oils/fats

- Create a 50-billion-yen market for table-use oil (+30% of FY2019)
- Overall structural reform of cooking oils (composition of strategic products such as functional products and healthy oils: 40%)
- Provide health information on oils/fats to 30 million people over 4 years

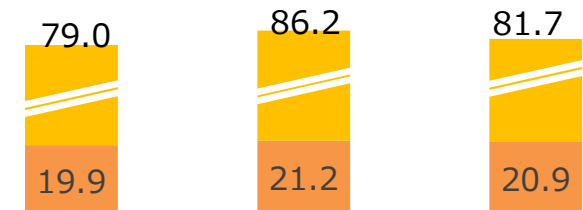
FY2021 Plan & Initiatives

- Continue to expand sales of value-added oils
- Strategic products' composition ratio 39%
- FY2021 target: 4 million customers

Market environment

- In addition to the reactionary decline from the first half of the previous year, when the market expanded significantly due to the rise in demand for home-cooked meals, revision in sales prices caused the market to shrink to a level below that of the previous year.
- Both value and volume of the market exceeded that of the first half of FY2019, and the household-use market remained strong.

Household-use oil market size (billion yen)

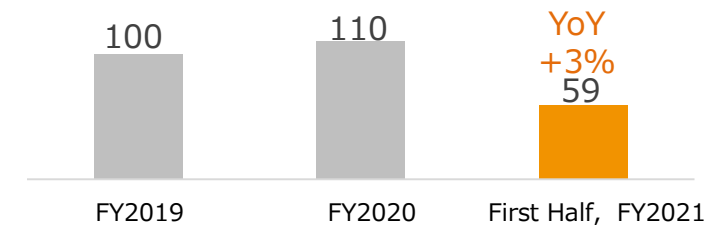


First Half, FY2019 First Half, FY2020 First Half, FY2021

Reference: SCI of Intage Inc.

Table-use oils

Sales of value-added oils* for household use



*Olive oil, sesame oil, and supplementary oil
Note: Index based on FY2019 result as 100

In the first half of FY2021

- Expanded sales of value-added oils*
Net sales +3% YoY
- While the overall market size was below the previous year's level, the Company strengthened its proposal and sales expansion of value-added oils, such as large-volume sesame oil and active marketing of flavored oils. Sales exceeded the previous year's level, which was quite high.
- Composition of strategic products: 39% (as of the end of September 2021)
- Number of people provided with health information on oils/fats: 3.6 million

Healthy Oils: Nisshin Rice-Bran Oil Plus (FOSHU), Nisshin Flaxseed Oil Plus (FFC)

Healthier! Easier to use! The cooking oil you've been looking for!

Consumers' understanding of healthy oil

- The "healthiness" of natural ingredients
- A "natural feeling" and "peace of mind" derived from plant materials



The Company's R&D technology

- Clearly substantiated health function (FOSHU/FFC*)
- Wide range of usability: from raw food to cooked food

*FOSHU: Food for Specified Health Use
*FFC: Foods with Functional Claims



FOSHU claim:
"For anyone worried about cholesterol"



FFC claim:
"For anyone with relatively high blood pressure"

Expansion of Perilla Oil lineup



Expanding the perilla oil market with a rich lineup for new users and frequent users

- Sesame oil in large volumes
- Responding to health needs



Responding to customer needs

"Seasoning oil"

The tastiness of the original oil
X
The aroma of the ingredient that dissolves into the oil



Growth

BtoB

Japan: Oils and Fats for Commercial Use, Processed Oils & Fats

Initiatives for FY2024

- +30% increase in customer-support cases in the Group total (compared to FY2019)

FY2021 Plan & Initiatives

- 8% compared to FY2019

Market environment

- Severe business conditions without a definite prospect of recovery centering around the food service industry due to the extension of the state of emergency in relation to the increase of COVID-19 cases
- Overall demand for “deli foods” was strong, while demand for processed oils slowed down after late August
- Number of the Group’s customer-support projects: Progress rate of plan: 58%

In the first half of FY2021

Main measures for FY2021

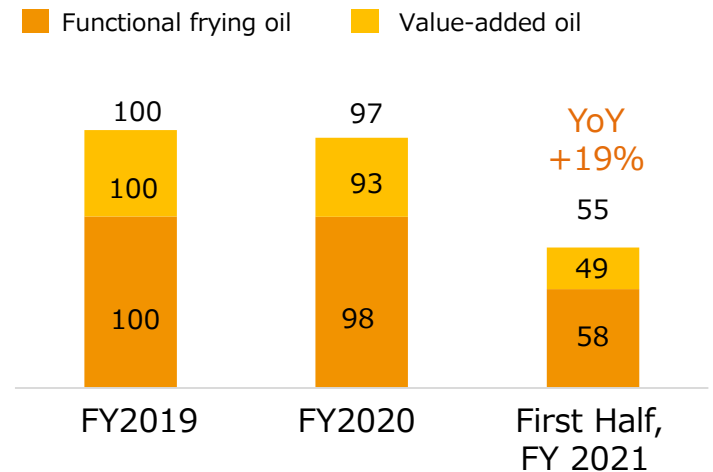
Oils and fats for commercial use

- In response to the issues that have become apparent in restaurant and food service industries amid the COVID-19 pandemic, the Company is strengthening solution proposals based on functional frying oils that suppress the increase in acidity and coloring of frying oils, and on value-added products that simplify the cooking process and standardize cooking results.

Processed oils & fats

- Development of technical solutions in cooperation with the Central Research Laboratory and Customer Support Center
- Proactive promotion of value creation in cooperation with processed food manufacturers by identifying market needs, proposing applications and solutions to customers

Sales of functional frying oil and value-added oil for commercial use



Note: Index based on FY2019 result as 100

Growth

BtoB

Oils and Fats for Chocolates

Initiatives for FY2024

- Expand sales volume of oils and fats for chocolates (+30% of FY2019 level)

FY2021 Plan & Initiatives

- Sales volume: +12% YoY

Market environment

- The European market, which is the Company's main market for chocolate oils and fats, has been recovering in 2Q, although slower than expected.
- Palm oil prices remain historically high, due to increased global demand for oil and the impact of high crude oil prices, putting pressure on earnings.

In the first half of FY2021

- Sales volume of oils and fats for chocolates: +9% YoY

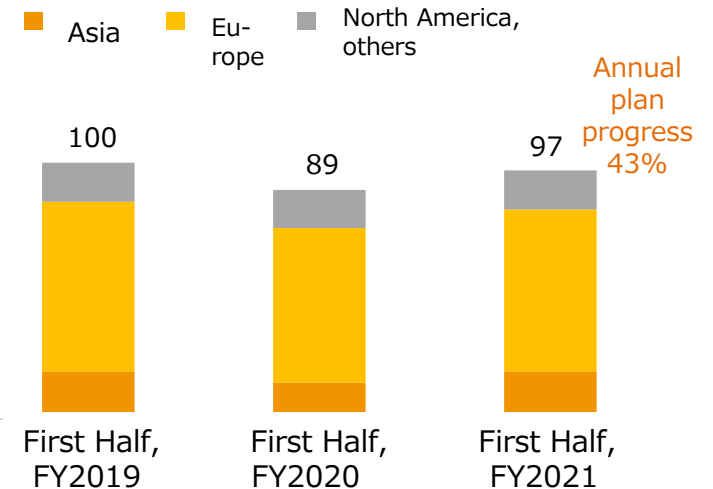
Main measures for FY2021

- Advance differentiation, uniqueness, and high added-value through further improvement of oil and fat processing technology
- Utilize diverse functions and business bases that create corporate synergies for the Group, and enhance production capacity for future business expansion

Status of Actions

- Strengthened customer support based on technological proposals; sales items for priority customers increased steadily YoY
- Decided to make capital investment to increase production capacity; design of equipment details in progress
- Implemented production facilities to advance technology for controlling trace ingredients; continued efforts toward practical application
- Commenced initiatives for production collaboration between subsidiaries in Italy and Malaysia
- Expanded customer support functions to expand sales in Chinese market, strengthened proposals suited to market trends, and continued examination to establish new supply scheme

Sales volume of oils and fats for chocolates by area



Note: Index based on FY2019 result as 100

Growth

BtoB

Oils for Cosmetics

Initiatives for FY2024

- Growth rate of beauty-enhancing products: +20% (vs. FY2019)

FY2021 Plan & Initiatives

- Oils for cosmetics: -7% (vs. FY2019)

Market environment

- Overseas sales are recovering, especially in China and the U.S., which were among the first to recover from the COVID-19 pandemic.
- Domestic market, which initially lagged behind, has begun to recover in the July-September period.

In the first half of FY2021

- Growth rate of beauty-enhancing products (of which cosmetic oils) Apr-Sep 2021: 100% (vs. FY2019)

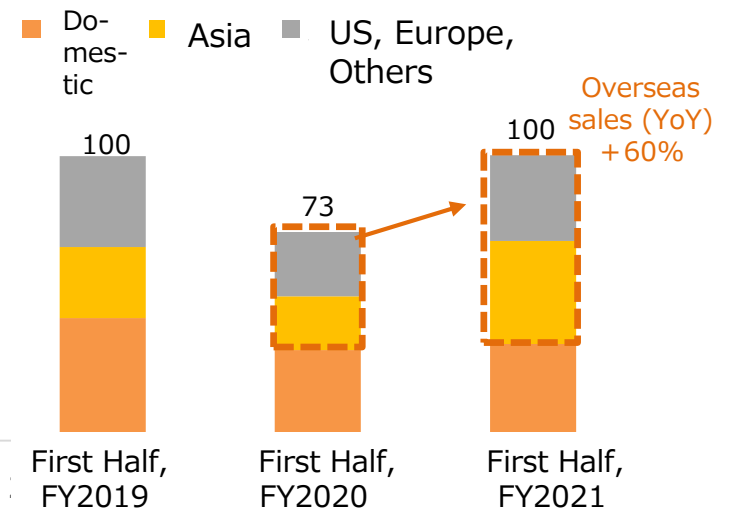
Main measures for FY2021

- Expansion and restructuring of global business for Asian and developed markets
- Exploration of physical properties and functions of ester oils, expansion of solution business
- Strengthen global product supply system; enhance the mainstay of business

Status of Actions

- Strengthen customer-support system in China, with active development of seminars and proposal-based sales using the web
- In the cleansing and skincare fields, develop products that are differentiated from other cosmetic oils, and strengthen promotions and proposals for mainstay products
- Strengthen system for procurement and stable supply of raw materials through collaboration among the Group companies in the face of supply chain instability due to world-wide shortages and rising prices of raw materials

Net sales of cosmetic oils



Note: Index based on FY2019 result as 100

Growth

BtoBtoC

Functional Materials and Foods: MCT

Initiatives for FY2024

- Growth rate of health science products +30% (vs. FY2019)

FY2021 Goals

- +25% (vs. FY2019)

Market environment

- Market for MCTs in household-use oil expanded steadily to +22% YoY
- Total awareness of MCTs in Japan (according to an in-house survey), remains at around 35%, but among target groups who are highly interested in beauty and slimming, awareness has reached as high as around 50%.

In the first half of FY2021

- Growth rate of health science products: +13% (vs. FY2019)

Main measures for FY2021

- **Development of BtoBtoC functional materials marketing**
Develop promotion of MCTs as "functional material" in conjunction with the media, processed food manufacturers and distributors to foster consumer awareness of the functions and the motivation to purchase.
- **Utilization of "Food with Functional Claim (FFC)" labeling**
Obtain FFC labeling approval for the Company's products and promote understanding of MCT functions by different means of communication.
- **Co-creation with third parties**
Participate in an external consortium to promote the intake of MCTs in the area of frailty, following the former promotion of its fat burning functions.



Nisshin MCT Oil
100%



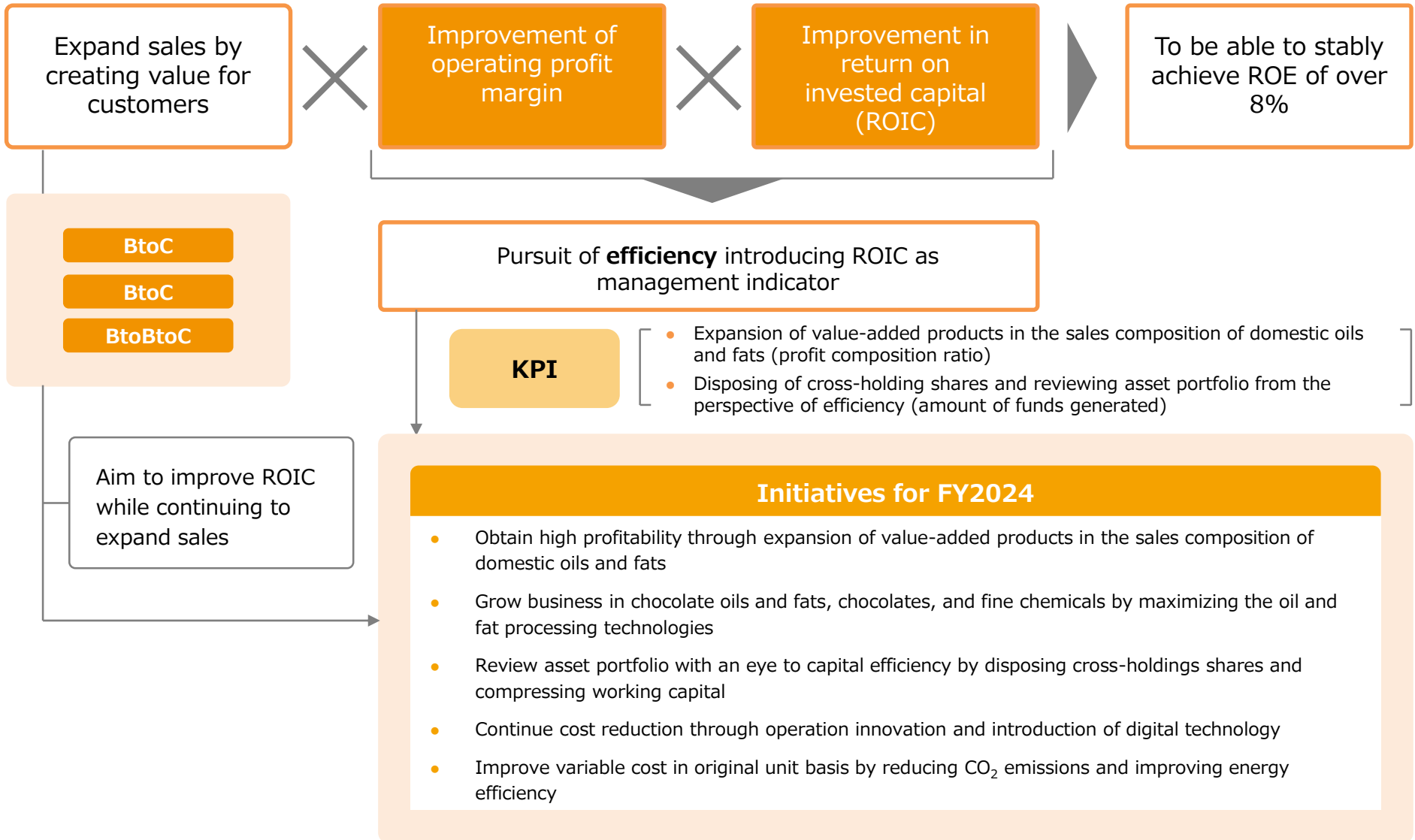
Foods with Functional Claims
"Reduces body fat and waist size"



Efficiency

Increase in Return on Capital with Sustainable Growth

Introduce a KPI system using ROIC as a management indicator to achieve both sustainable growth and improved profitability.



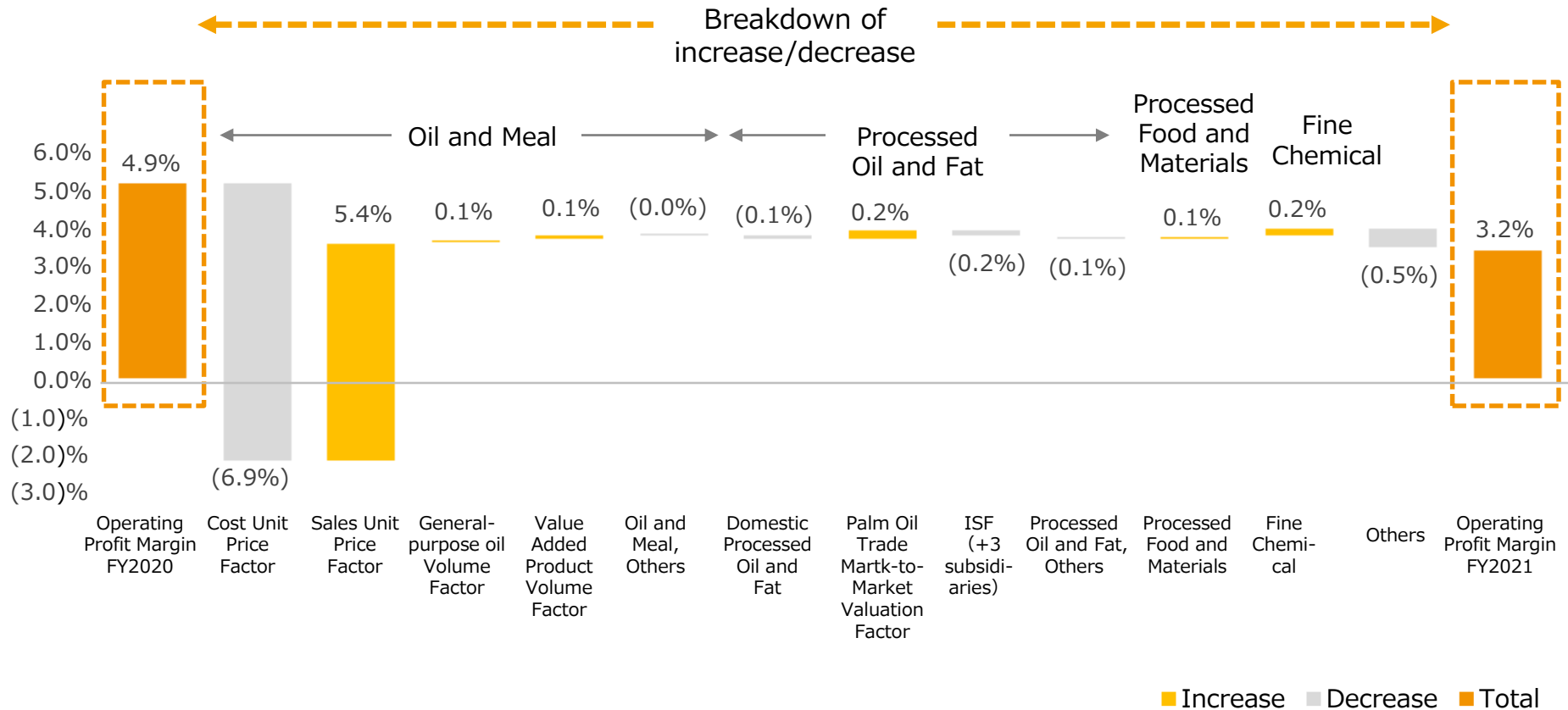
Aim to improve ROIC while continuing to expand sales

Initiatives for FY2024

- Obtain high profitability through expansion of value-added products in the sales composition of domestic oils and fats
- Grow business in chocolate oils and fats, chocolates, and fine chemicals by maximizing the oil and fat processing technologies
- Review asset portfolio with an eye to capital efficiency by disposing cross-holdings shares and compressing working capital
- Continue cost reduction through operation innovation and introduction of digital technology
- Improve variable cost in original unit basis by reducing CO₂ emissions and improving energy efficiency

Efficiency

Operating Profit Margin



Notes:

- 1) Each figure is calculated by dividing the increase or decrease in profit by the consolidated net sales of the previous year.
- 2) The impact of cost/price/volume (general-purpose and value-added) of oils and meals on profits is calculated by dividing the increase/decrease of gross profit by consolidated net sales for the previous year.
- 3) Others include profit increase/decrease in other segments and impact of increase/decrease in consolidated net sales.

Operating Profit Margin (cont.)

In the first half of FY2021

- A significant rise in the cost of raw materials and a delay in the penetration of price revisions were factors that pushed down the profit margin.
- Domestic sales of value-added products were slightly higher than in the same period of the previous year, despite a demand decline in the household-use market due to a reactionary drop from the same period of the previous year, when there was a marked increase in demand for meals at home, as well as the impact of price revisions.
- Overseas processed fats and oils (ISF) saw an increase in sales of chocolate oils and fats compared to the same period of the previous year, but the profit margin declined due to the impact of rising raw material costs.
- Sales of cosmetic oils turned around, mainly for overseas markets, contributing to higher profits.

Initiatives for FY2024

Environment

- GHG emissions reduction
Scope 1 and 2: -8% (vs. FY2016)

Supply chain

- Improvement of sustainability in procurement
Percentage of certified palm oil: 100%

FY2021 Initiatives

Environment

- Draw roadmap
Organize team for action

Supply chain

- Adjustment in facilities for certified palm oil

In the first half of FY2021

Environment

- Scope 1 and 2 reduction in FY2020 was -5.5%. Promoted reduction by renewing equipment to energy-saving types in stages.
- Established the "Decarbonization Advancement Office" to manage continuous reduction of CO₂ emissions.

Supply chain

- Conducted feasibility tests at production sites to be able to achieve 100% certified palm oil
- Certified palm oil ratio: Jan-Jun 2021: 48.5% (+2.9 YoY)

Topic

Integrated Report 2021 published

With the aim of communicating the Company's medium- to long-term value creation strategy in long-term vision *Nisshin Oillio Group Vision 2030* and the medium-term management plan *Value up+* to stakeholders in an integrated manner from both financial and non-financial perspectives, the Company has published an "Integrated Report" and a "Sustainability Data Book" containing detailed ESG-related data since this fiscal year.

Available on corporate website (10/29/2021, Japanese only) <https://www.nisshin-oillio.com/company/sustainability/report/>

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"The Natural Power of Plants"

