



"The Natural Power of Plants"

The Nisshin Oillio Group, Ltd.

Second Quarter of FY2021

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1. Summary of Financial Results

1-1. Summary for Second Quarter FY2021

(Million yen)

	Second Quarter FY2021	Second Quarter FY2020	YoY	
			Change	Change (%)
Net sales	195,329	161,613	+33,716	+20.9%
Percentage of overseas sales	20.0%	17.5%	+2.5P	—
Operating profit	6,284	7,867	(1,583)	(20.1%)
Percentage of operating profit to net sales	3.2%	4.9%	(1.7P)	—
Ordinary profit	7,171	7,961	(789)	(9.9%)
Profit attributable to owners of parent	5,298	5,570	(272)	(4.9%)

1-2. Results by Business Segment

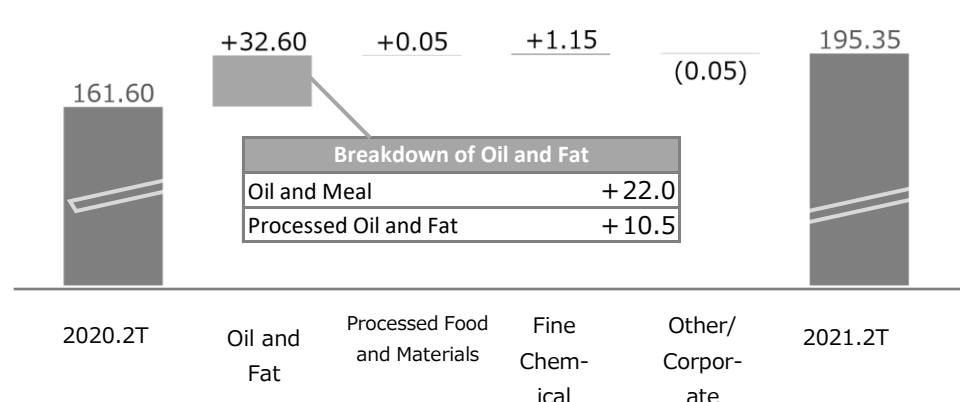
(Million yen)

	Second Quarter FY2021	Second Quarter FY2020	YoY	
			Change	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	—

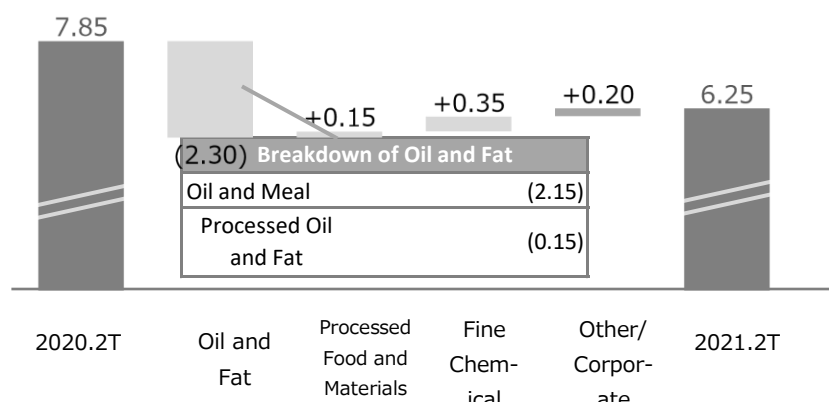
1-3. Segment Information: Factors Impacting Net Sales and Operating Profit (Year on Year)

(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 rebound in demand for eating out (↑)
- Decrease in sales volume for general-purpose household-use products compared with the same period of the 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, esp. 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 and fat (↓)
- Increase in selling prices of oil, meal and processed oil and fat products (↑)
- Increase in earnings on market valuation of palm oil transactions (↑)

■ Processed Food and Materials

- Reduction of cost of sales of chocolate products (↑)

■ Fine Chemical

- Increase in sales volume overseas, esp. in China, Europe and North America (↑)
- Increase in depreciation costs incurred with the start of operations at the new plant (↓)
- Decrease in sales volume for high-margin products of environment and hygiene-related products (↓)

1-4. Segment Information Details

Oil and Meal (Included in Oil and Fat)

(Million yen; Changes: YoY)

	Net Sales		Changes in operating profit	Remarks
	Results	Changes		
Domestic oil and fat	70,133	+7,847	(2,254)	<ul style="list-style-type: none"> • Net sales grew due to the revision in the oil and fat sales price, the increase in sales of products for commercial use and for processing use with the rebound in demand from the COVID-19 pandemic, and the rising meal sales prices. • Despite efforts to revise selling prices in response to soaring raw material costs and other factors, profit decreased due to the significant rise in the cost of oil and fat.
Commercial use and processing use	42,438	+9,313		
Household use	27,695	(1,465)		
Meal	38,309	+12,906		
Subsidiaries	34,023	(4,932)	+46	
Consolidation adjustment and others	(19,197)	+6,214	+71	
Oil and meal total	123,269	+22,036	(2,135)	

Supplement : Value-added products in domestic oil and fat

Sales composition ratio	Changes in net sales
22%	+185

Note: Results are calculated by taking into account the impact of the change in revenue recognition standards.

Note: Sales of oil and fat for commercial use, processing use and household use are included in domestic sales of oil and fat.

Supplement : Breakdown of Changes in Operating Profit in Domestic Oil and Fat

(Billion yen; Changes: YoY)

	Change	Main factors
Sales volume factors	+0.35	Commercial use and Processing use [+0.5], Household use [(0.2)]
Sales price factors	+8.70	Commercial use and Processing use [+7.5], Household use [+1.2]
Cost factors	(11.20)	
Soybean	(5.55)	C&F [(13.3)], Foreign exchange [(0.1)], Meal sales [+7.8]
Rapeseed	(10.35)	C&F [(13.4)], Foreign exchange [(0.05)], Meal sales [+3.1]
Other products & manufacturing costs	+4.70	Impact of inventory at the beginning and end of term
SG&A expenses and others	(0.10)	Increases in logistics and other expenses
Total	+2.25	

Processed Oil and Fat (Included in Oil and Fat)

(Million yen; Changes: YoY)

	Net sales results	Percentage change in sales volume	Changes in operating profit	Remarks
Overseas processed oil and fat	37,072	+4%	+86	<ul style="list-style-type: none"> • Sales increased due to greater sales volume and rising sales prices. • Increase in earnings on market valuation of the palm oil futures, although higher raw material costs are a factor in lower profit.
Europe	14,307	+35%		
Asia	20,372	(13%)		
Other regions	2,392	+20%		
Domestic processed oil and fat	4,589	+4%	(149)	Sales increased due to increase in sales volume in step with a rebound in demand, but earnings decreased due to increase in cost of sales.
Consolidation adjustment and others	(4,908)	—	(91)	
Processed oil and fat total	36,752	—	(154)	

Supplement : Specialty fats centered on oil and fat for chocolate in overseas processed oil and fat

Sales composition ratio	Percentage change in sales volume
31%	+9%

Processed Food and Materials

(Million yen; Changes: YoY)

	Net Sales		Changes in operating profit	Remarks
	Results	Change		
Chocolate	12,629	(587)	+123	Sales decreased due to the adoption of the new revenue recognition standard. Earnings increased due to improvement of cost ratio.
Seasoning	2,296	+18	(91)	Sales increased due to higher sales volume, while earnings decreased due to greater SG&A expenses.
Functional materials and foods	3,474	+65	+56	Sales and earnings increased due to increased sales volume of MCT.
MCT	2,528	+135		
Soybean materials and foods	8,977	(233)	+36	Sales decreased due to the adoption of the new revenue recognition standard. Earnings increased due to increase in sales price.
Consolidation adjustment and others	(1,638)	+763	+7	
Processed food and materials total	25,739	+26	+132	

Note: Sales of MCTs are included in sales of "functional materials and foods."

Fine Chemical

(Million yen; Changes: YoY)

	Net Sales		Changes in operating profit	Remarks
	Results	Change		
Fine chemical products	6,038	+1,371	+326	Sales and earnings increased due to increase in sales volume to overseas customers, particularly for China, Europe and North America.
Cosmetics	4,195	+1,076		
Environment and hygiene-related products	3,439	+66	(20)	Sales rose due to increase in sales volume, but earnings declined due to a decrease in sales of high-margin products.
Consolidation adjustment and others	(1,212)	(301)	+45	
Fine chemical total	8,265	+1,136	+351	

Note: Sales of raw materials for cosmetics are included in fine chemical product sales.

Main exchange rates (Average rate during period)

	JPY/USD	JPY/EUR	JPY/MYR	JPY/CNY
Second Quarter FY2020	108.23	119.31	25.49	15.38
Second Quarter FY2021	109.81	130.88	26.32	16.99

2. Earnings Forecast for FY2021

2-1. Earnings Forecast for FY2021

	FY2021 Revised forecast	FY2020 Results	YoY	
			Change	%
Net sales	400,000	336,306	+63,693	+18.9%
Operating profit	11,500	12,324	(824)	(6.7%)
Ordinary profit	12,000	13,836	(1,836)	(13.3%)
Profit attributable to owners of parent	7,700	9,244	(1,544)	(16.7%)

2-2. Forecast by Business Segment for FY2021

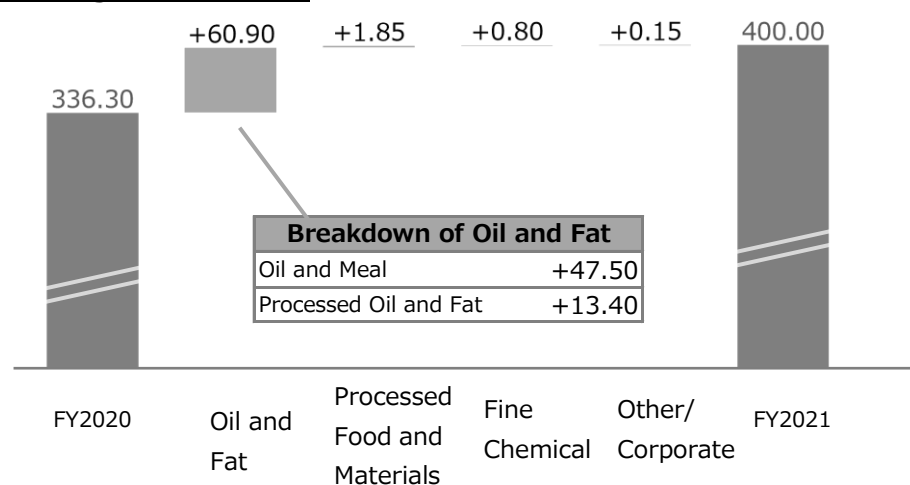
	FY2021 Revised forecast	FY2020 Results	YoY	
			Change	%
Net sales	400,000	336,306	+63,693	+18.9%
Oil and Fat	327,000	266,132	+60,867	+22.9%
Oil and Meal	260,000	212,514	+47,485	+22.3%
Processed Oil and Fat	67,000	53,617	+13,382	+25.0%
Processed Food and Materials	55,000	53,146	+1,853	+3.5%
Fine Chemical	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	—

Note: Numerical figures for FY2020 results based on the new segment classification are estimates and have not been audited by a financial auditor.

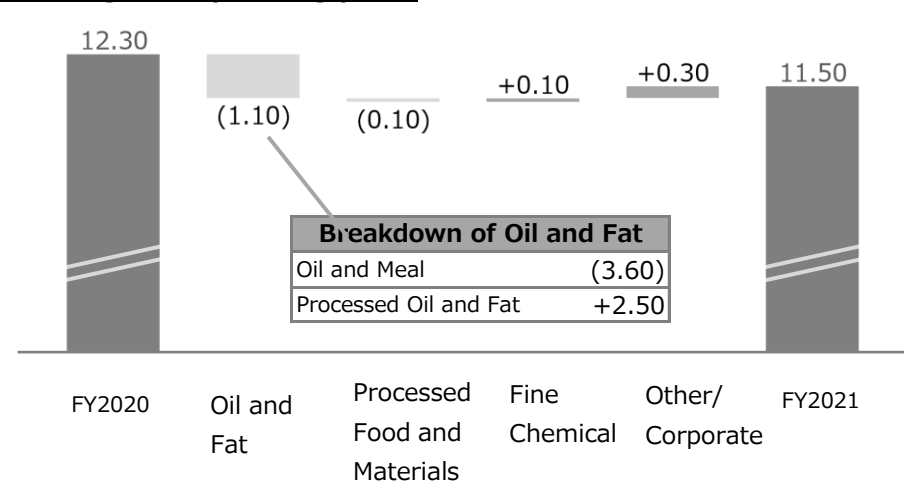
2-3. Segment Information: Factors Impacting Net Sales and Operating Profit Full Fiscal Year Forecasts (Year on Year)

(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 valuation on palm oil transactions (↑)

■ Processed Food and Materials

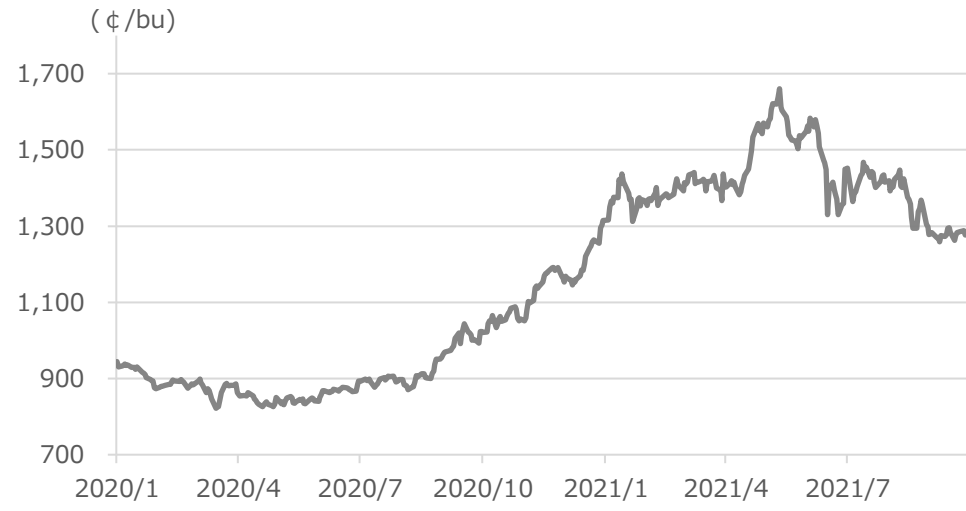
- Increase in sales volume of chocolate products in Japan and overseas (↑)
- Increase in depreciation costs in connection with the start of operation of a new plant and rising costs for MCT products (↓)

■ 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 (↓)

Reference

■ Chicago Soybean Market



Source : Bloomberg

■ ICE Rapeseed Market



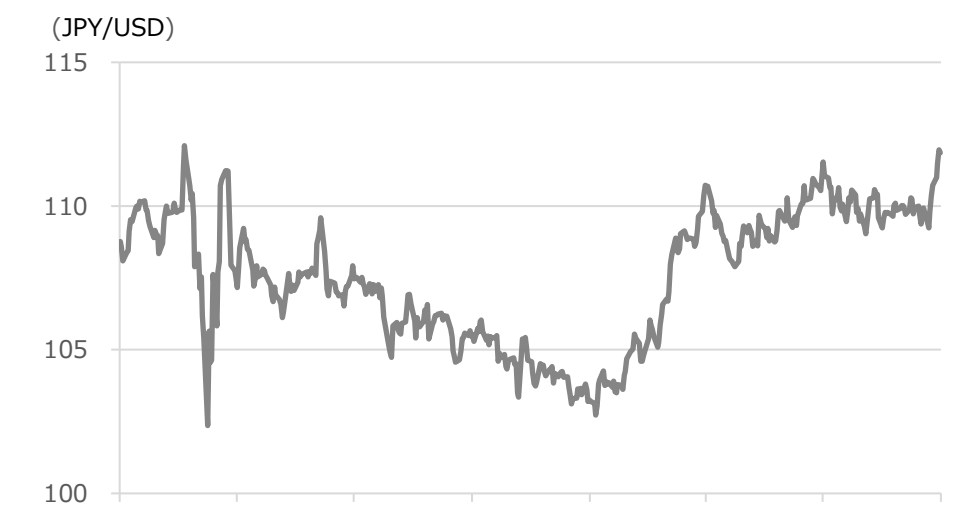
Source : Bloomberg

■ Crude Palm Oil Market



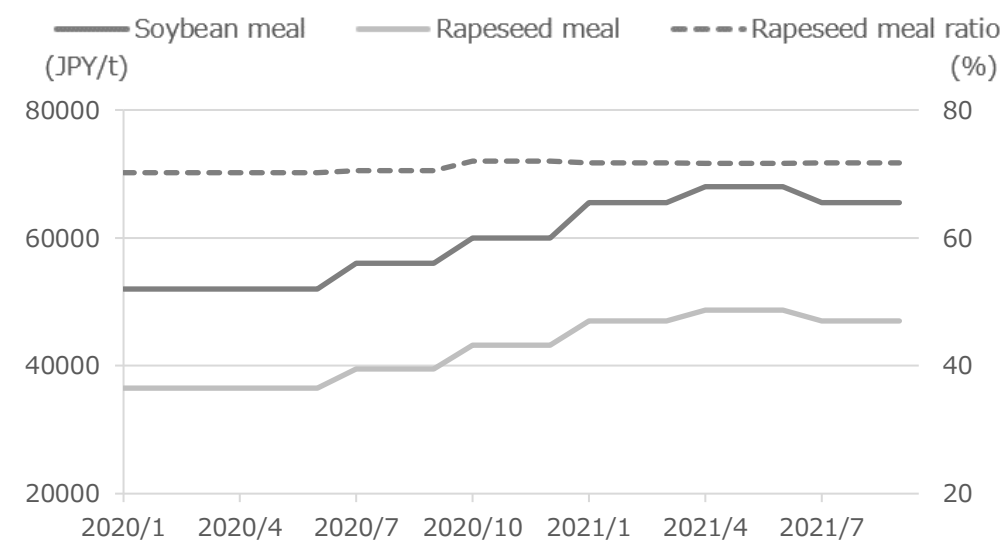
Source : Bloomberg

■ Exchange Rates (JPY/USD)



Source: Bloomberg

■ Average Market Price in the Meal Industry



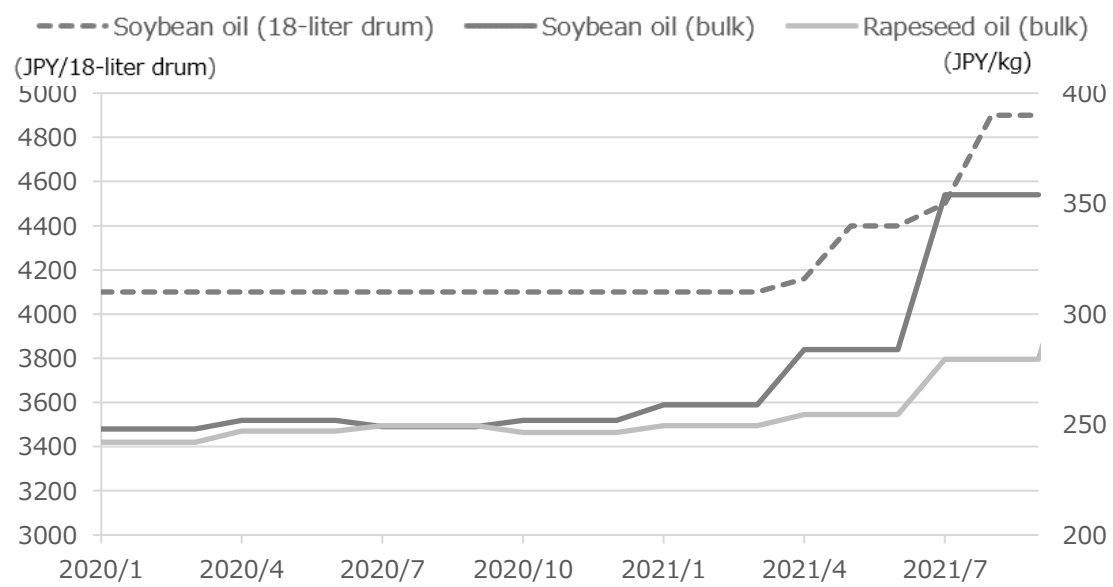
Source: Yushitokuho

■ Meal Value Trends



Source: Bloomberg

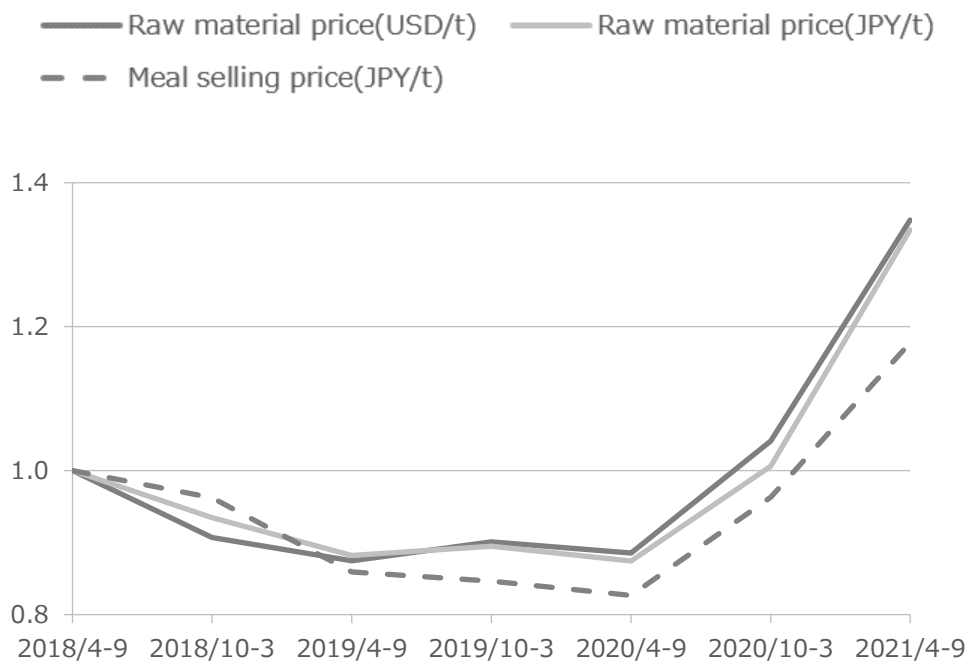
■ Nikkei Market Price Trends



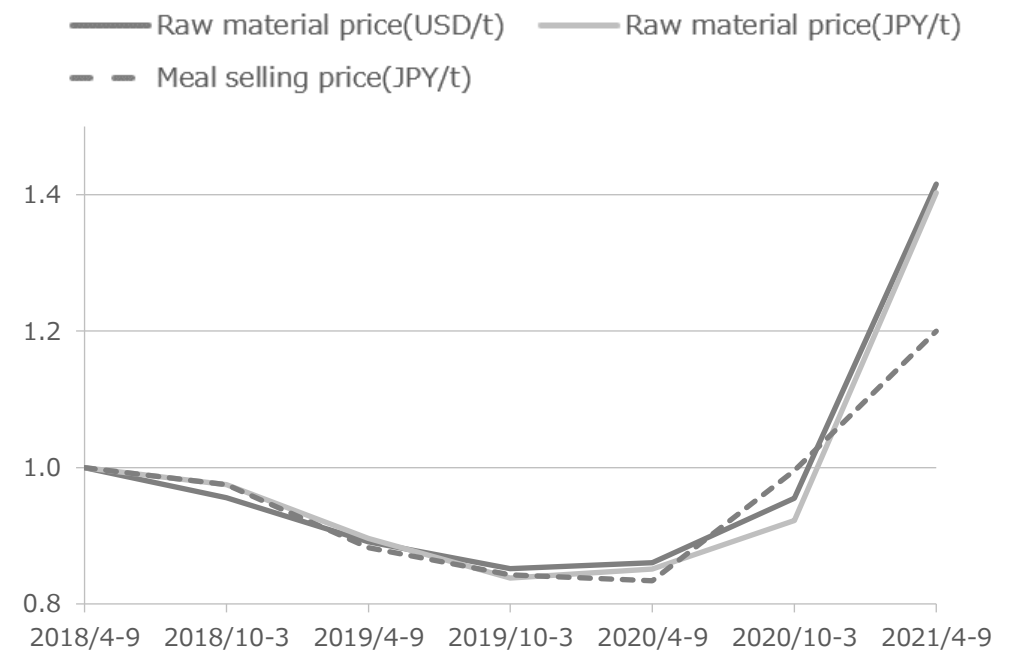
Source: The Nikkei

Reference

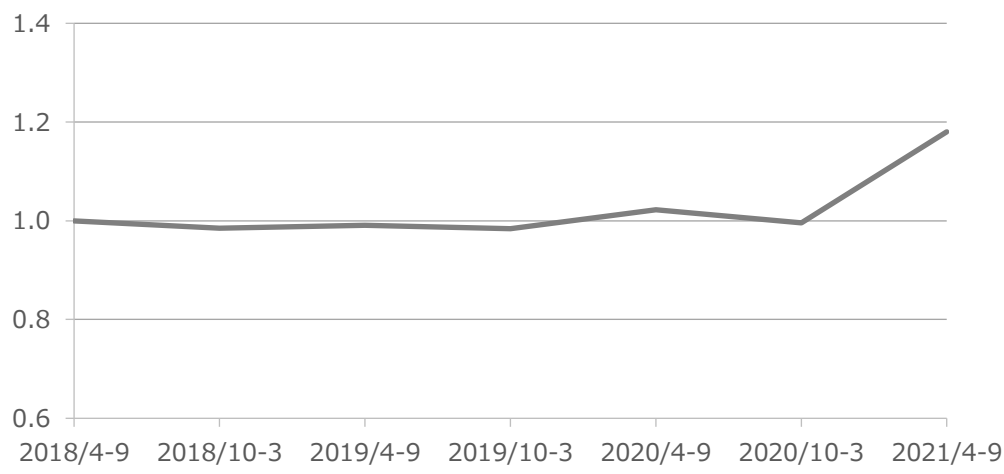
■ Raw Materials and Meal (Soybeans)



■ Raw Materials and Meal (Rapeseed)



■ Selling Prices for Main Oil and Fat Products (excluding "Gift" products, weighted average)



Note: Indexed with April–September 2018 result set as 1.0
 Source: The Nisshin OilIIO Group, Ltd.