



"The Natural Power of Plants"

The Nisshin Oillio Group, Ltd.

FY2022

Financial Results Briefing

May 19, 2023



Summary of Financial Results for FY2022

Summary of Financial Results for FY2022 and Earnings Forecast for FY2023

■ Financial Results for FY2022

- **Both net sales and profits increased. Consolidated net sales were ¥556.5 billion, and consolidated operating profit was ¥16.1 billion.**
 - Despite a challenging cost environment due to soaring prices for raw materials and other factors, sales and profits for domestic oil and fat increased as a result of phased implementation and maintenance of sales price revisions.
 - Overseas processed oil and fat posted higher sales and profits due to a higher refining margin for palm oil and an increase in the sales volume of specialty fats as well as positive foreign exchange effects as a result of the weaker yen.
 - Profit exceeding forecasts was achieved due in part to mark-to-market valuation gains on palm oil transactions in overseas processed oil and fat (+¥1.45 billion year-on-year).

■ Earnings Forecast for FY2023

- **Consolidated net sales of ¥540.0 billion, consolidated operating profit of ¥16.0 billion (the same level as FY2022), and higher profit attributable to owners of parent of ¥11.5 billion.**
 - In addition to maintaining sales at appropriate prices as prices for raw materials decline, sales volumes are expected to increase, resulting in higher profits.
 - Regarding overseas processed oil and fat, sales volume of specialty fats will increase, but due to effects from factors including refining margins and mark-to-market valuation gains on palm oil transactions, both of which are expected to decrease from the previous fiscal year, profits will decline.

Summary of FY2022 Financial Results

(Billion yen)

	FY2022 results	FY2021 results	YoY change	Change (%)
Net sales	556.5	432.7	+ 123.7	+28.6%
Operating profit	16.1	11.6	+ 4.5	+ 38.7%
Percentage of operating profit to net sales	2.9%	2.7%	+ 0.2P	—
Ordinary profit	16.2	12.6	+ 3.5	+ 28.4%
Profit attributable to owners of parent	11.1	8.5	+ 2.5	+ 29.8%

* Amounts of less than 0.1 billion yen are rounded down

FY2022 Results by Business Segment (Net Sales and Operating Profit)

(Billion yen)

	FY2022 results	FY2021 results	YoY change	
			Change	Change (%)
Net sales	556.5	432.7	+123.7	+ 28.6%
Oil and Fat	468.3	355.0	+113.3	+ 31.9%
Oil and Meal	350.3	267.8	+82.5	+30.8%
Processed Oil and Fat	118.0	87.1	+30.8	+35.4%
Processed Food and Materials	65.1	58.1	+6.9	+ 11.9%
Fine Chemical	20.4	17.0	+3.4	+20.3%
Other/Adjustments	2.6	2.5	+0.0	+ 2.2%
Operating profit	16.1	11.6	+4.5	+ 38.7%
Oil and Fat	14.6	8.9	+5.6	+ 63.0%
Oil and Meal	9.0	4.7	+4.3	+92.9%
Processed Oil and Fat	5.5	4.2	+1.2	+29.8%
Processed Food and Materials	0.5	1.6	(1.1)	(68.1%)
Fine Chemical	1.3	1.3	+0.0	+3.6%
Other/Adjustments	(0.3)	(0.3)	(0.0)	—

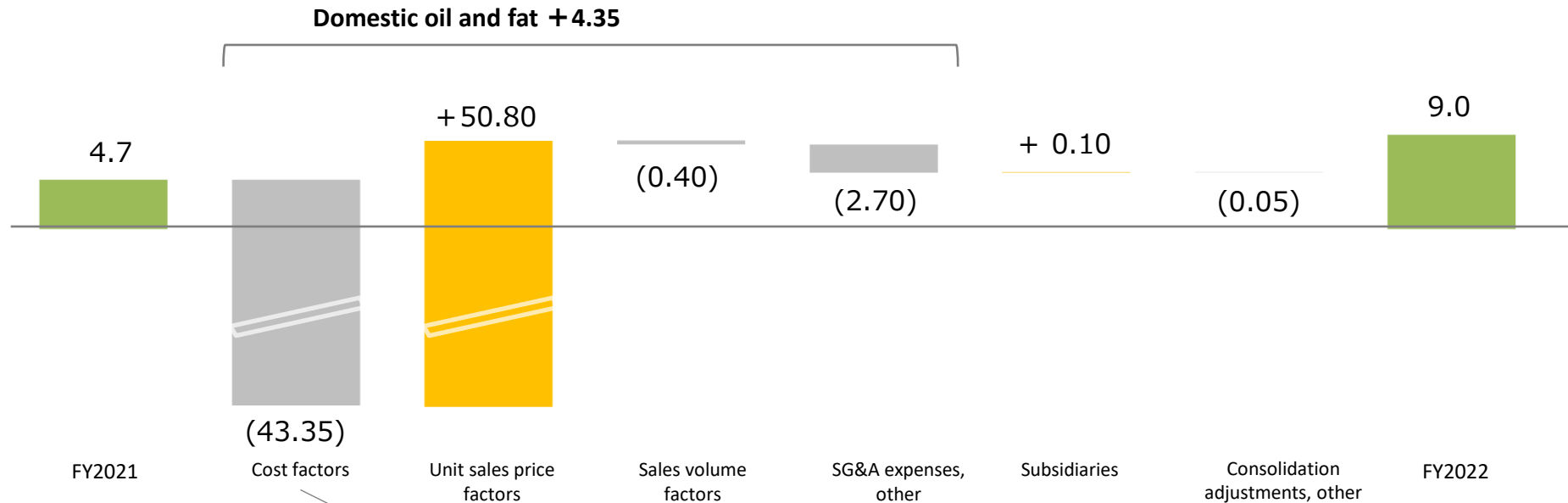
* Amounts of less than 0.1 billion yen are rounded down

Change in FY2022 Operating Profit by Business Segment

(Billion yen)

Oil and Meal

- In response to rising costs for raw materials, a total of six phased price revisions were implemented starting in the previous fiscal year and maintained, resulting in higher operating profit.



Breakdown of cost factors	
Soybean	(12.15) [C&F (13.55), foreign exchange (18.25), meal sales +19.65]
Rapeseed	(18.40) [C&F (13.50), foreign exchange (12.70), meal sales +7.80]
Other products & manufacturing costs	(12.80)

Breakdown of unit sales price factors	
Commercial-use and processing-use	+35.05
Household-use	+15.75

Breakdown of sales volume factors	
Commercial-use and processing-use	(0.65)
Household-use	+0.25

Change in sales volume YoY	
Commercial-use and processing-use	(2.4%)
Household-use	+2.3%

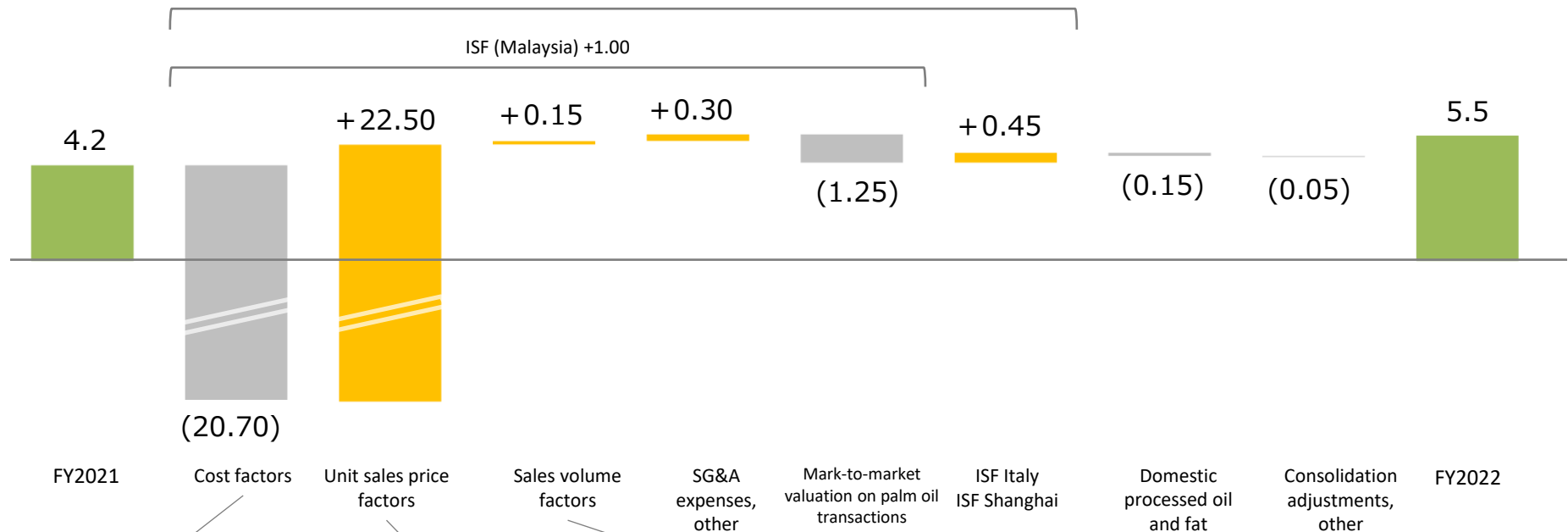
Change in FY2022 Operating Profit by Business Segment

(Billion yen)

■ Processed Oil and Fat

- There were factors that reduced profit including higher costs for raw materials and lower mark-to-market valuation gains on palm oil transactions, but the sales volume of specialty fats increased, unit sales prices were higher, and there were positive foreign exchange effects, and as a result, operating profit increased.

Overseas processed oil and fat +1.45



Breakdown of cost factors	
Raw materials costs	(14.65)
Manufacturing costs, other	(6.05)

Breakdown of unit sales price factors	
Specialty fats	+11.40
Other	+11.10

Breakdown of sales volume factors	
Specialty fats	+0.35
Other	(0.20)

Breakdown of mark-to-market valuation	
FY2021	+2.70
FY2022	+1.45

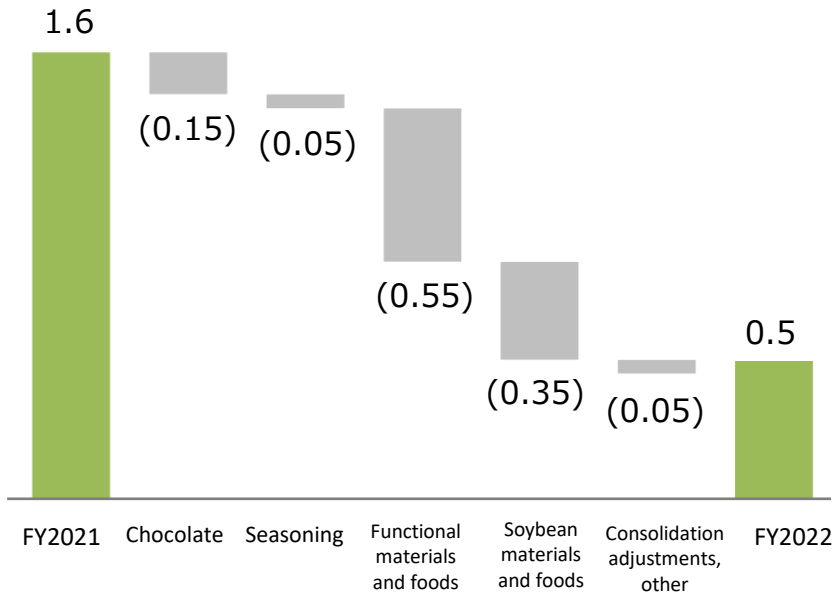
Specialty fats sales volume change rate (YoY)
YoY change +8%

Change in FY2022 Operating Profit by Business Segment

(Billion yen)

■ Processed Food and Materials

- Profit decreased due to higher raw materials costs and SG&A expenses

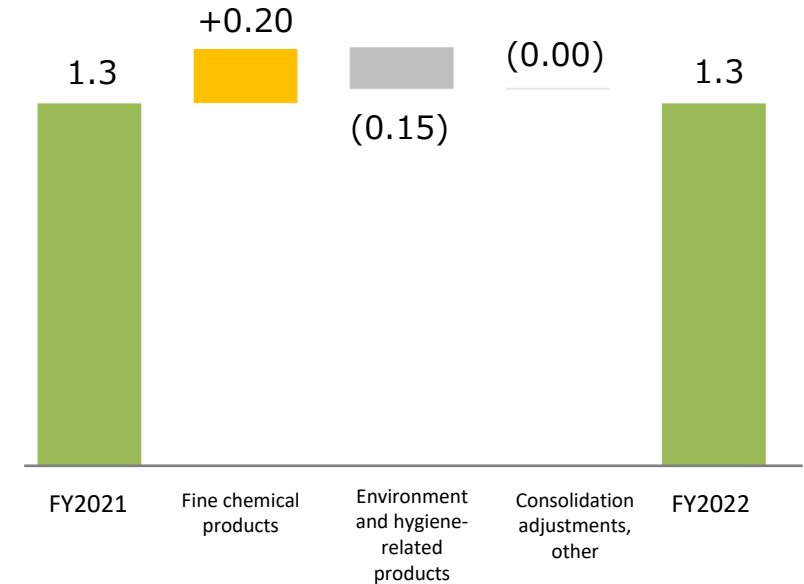


MCT net sales

6.1 (+1.0 YoY)

■ Fine Chemical

- Profit increased due to sales price revisions and higher sales volumes by the Company's European subsidiary



Raw materials for cosmetics net sales

10.2 (+2.6 YoY)

Consolidated Balance Sheets / Cash Flows

(Billion yen)

■ Consolidated Balance Sheets

Items	End of March 2023	End of March 2022	Change
Total assets	374.4	344.5	+ 29.9
Current assets	233.5	201.8	+ 31.7
Non-current assets	140.8	142.6	(1.7)
Total liabilities	203.0	180.1	+ 22.8
Interest-bearing liabilities	105.8	93.5	+ 12.2
Other liabilities	97.2	86.6	+ 10.5
Total net assets	171.4	164.3	+ 7.1

Items	End of March 2023	End of March 2022
Equity ratio	43.4%	45.3%
Net D/E ratio	0.57	0.54

- Trade receivables and inventories increased as a result of sales price revisions necessitated by rising raw material costs as well as higher procurement unit costs.
- The Company raised funds in response to the growth investment and increases in operating capital.

■ Cash Flows

Items	FY2022 results	FY2021 results	Change
Operating cash flows	+ 0.3	(26.6)	+ 27.0
Profit before income taxes	+ 15.3	+ 12.0	+ 3.2
Depreciation	+ 9.3	+ 8.8	+ 0.5
Increase/decrease in operating capital	(24.9)	(36.5)	+ 11.6
Investing cash flows	(6.1)	(9.3)	+ 3.1
Financing cash flows	+ 6.3	+ 34.4	(28.1)

- As raw material costs continue to rise, operating capital increased, and as a result, operating cash flow was only slightly positive.
- Operating cash flow improved substantially from the prior fiscal year.

* Amounts of less than 0.1 billion yen are rounded down



FY2023 Forecast

Earnings Forecast for FY2023

(Billion yen)

	FY2023 forecast	FY2022 results	YoY change	Change (%)
Net sales	540.0	556.5	(16.5)	(3.0%)
Operating profit	16.0	16.1	(0.1)	(1.1%)
Percentage of operating profit to net sales	3.0%	2.9%	+0.1P	—
Ordinary profit	16.0	16.2	(0.2)	(1.5%)
Profit attributable to owners of parent	11.5	11.1	+0.3	+3.1%

* Amounts of less than 0.1 billion yen are rounded down

FY2023 Forecast by Business Segment (Net Sales and Operating Profit)

(Billion yen)

	FY2023 forecast	FY2022 results	YoY	
			Change	Change (%)
Net sales	540.0	556.5	(16.5)	(3.0%)
Oil and Fat	444.5	468.3	(23.8)	(5.1%)
Oil and Meal	330.0	350.3	(20.3)	(5.8%)
Processed Oil and Fat	114.5	118.0	(3.5)	(3.0%)
Processed Food and Materials	72.0	65.1	+6.8	+ 10.6%
Fine Chemical	21.0	20.4	+0.5	+2.6%
Other/Adjustments	2.5	2.6	(0.1)	(4.6%)
Operating profit	16.0	16.1	(0.1)	(1.1%)
Oil and Fat	14.1	14.6	(0.5)	(3.6%)
Oil and Meal	10.5	9.0	+1.4	+16.0%
Processed Oil and Fat	3.5	5.5	(1.9)	(35.8%)
Processed Food and Materials	1.1	0.5	+0.6	+ 115.5%
Fine Chemical	1.1	1.3	(0.2)	(20.6%)
Other/Adjustments	(0.3)	(0.3)	+0.0	—

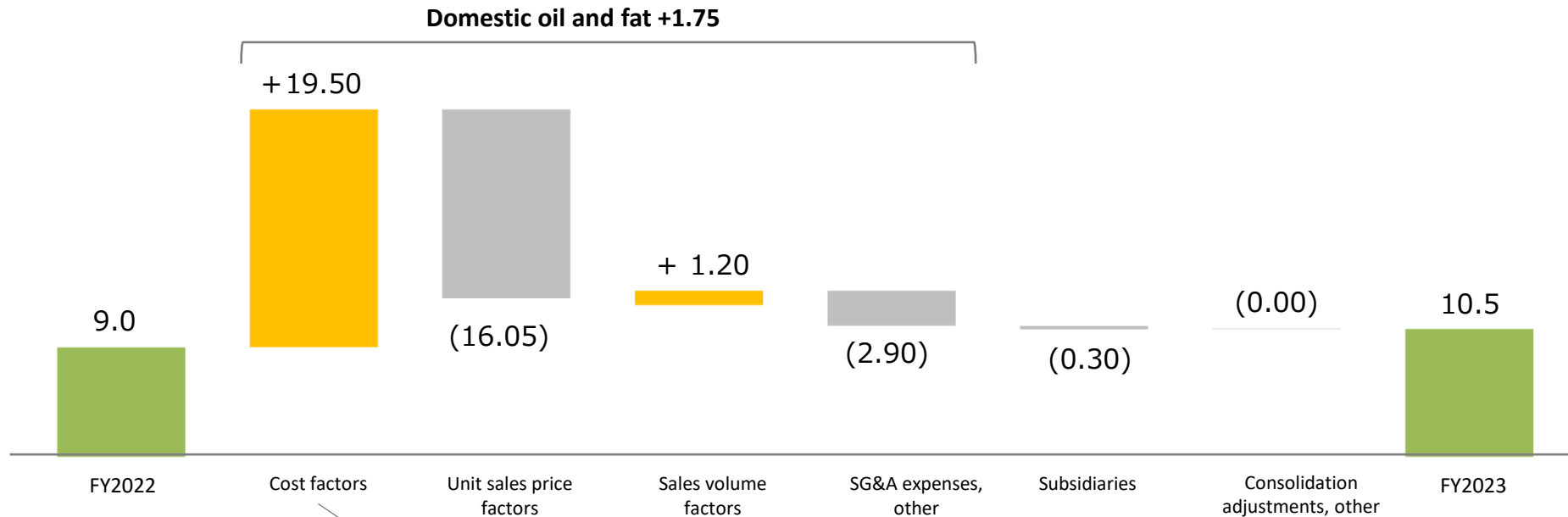
* Amounts of less than 0.1 billion yen are rounded down

Change in FY2023 Operating Profit by Business Segment

(Billion yen)

Oil and Meal

- In conjunction with falling raw material market prices, unit sales prices will decrease, but profit will increase due to higher oil and fat sales volume and continued sales at appropriate prices.



Breakdown of cost factors	
Soybean	+5.75 [(C&F +10.90, foreign exchange (3.30), meal sales (1.85))]
Rapeseed	+22.70 [C&F +29.10, foreign exchange (3.75), meal sales (2.65)]
Other products & manufacturing costs	(8.95)

Breakdown of unit sales price factors	
Commercial-use and processing-use	(15.90)
Household-use	(0.15)

Breakdown of sales volume factors	
Commercial-use and processing-use	+0.75
Household-use	+0.45

Change in sales volume YoY	
Commercial-use and processing-use	+3.5%
Household-use	+0.8%

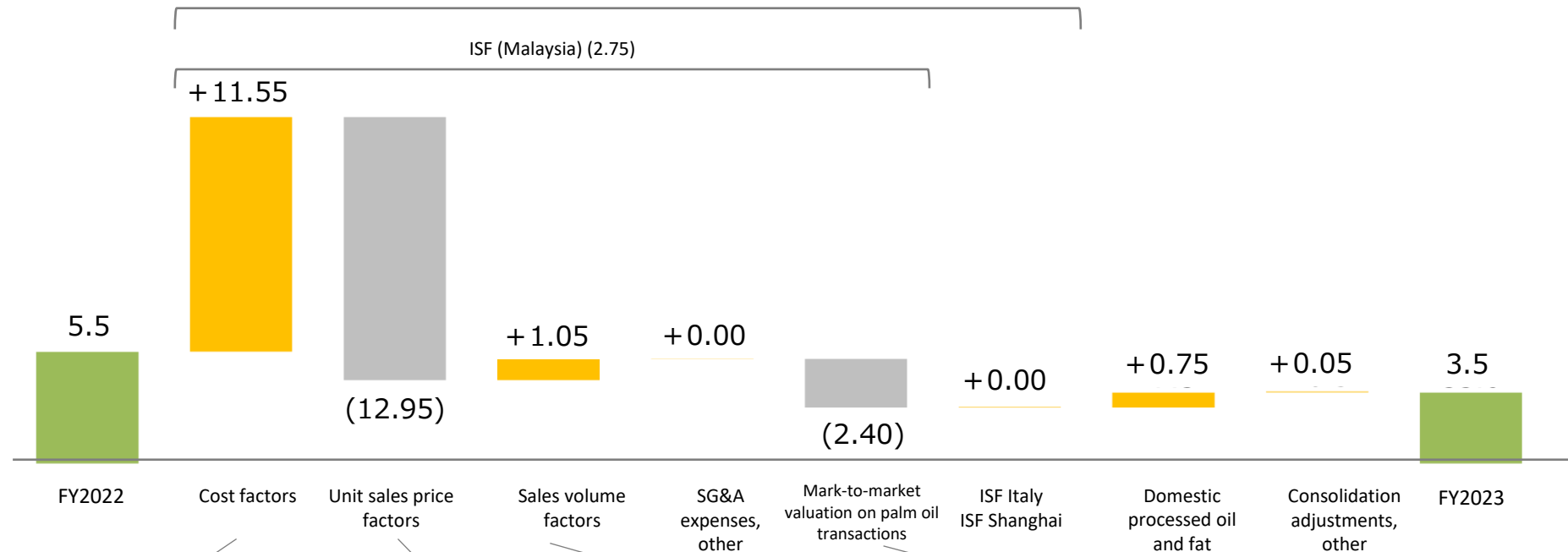
Change in FY2023 Operating Profit by Business Segment

(Billion yen)

■ Processed Oil and Fat

- Despite an increase in the sales volume of specialty fats, profit will decline due to refining margins, which are expected to decrease from the previous fiscal year, and effects from mark-to-market valuation on palm oil transactions.

Overseas processed oil and fat (2.75)



Breakdown of cost factors

Raw materials costs	+9.55
Manufacturing costs, other	+2.00

Breakdown of unit sales price factors

Specialty fats	(7.25)
Other	(5.70)

Breakdown of sales volume factors

Specialty fats	+0.45
Other	+0.60

Breakdown of mark-to-market valuation

FY2022	+1.45
FY2023	(0.95)

Specialty fats sales volume change rate (YoY)

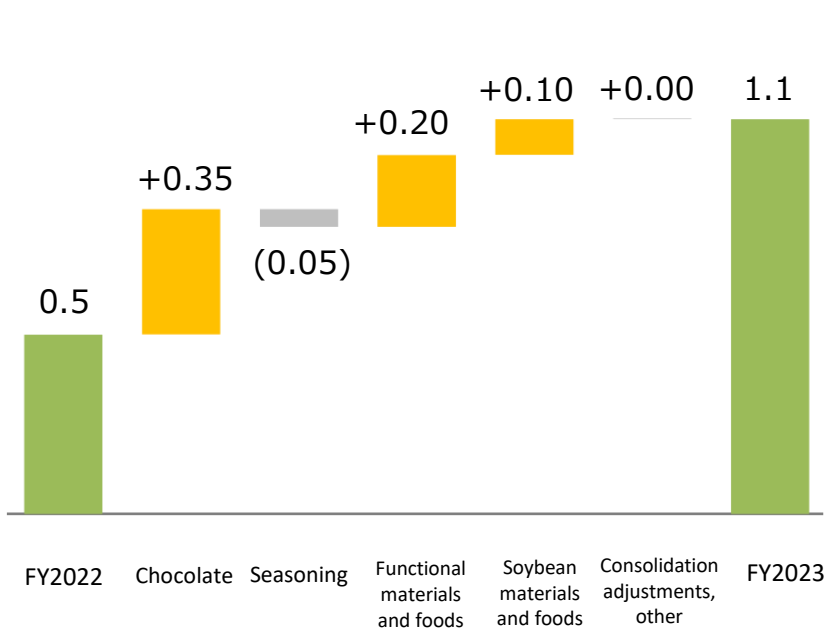
YoY change +9%

Change in FY2023 Operating Profit by Business Segment

(Billion yen)

■ Processed Food and Materials

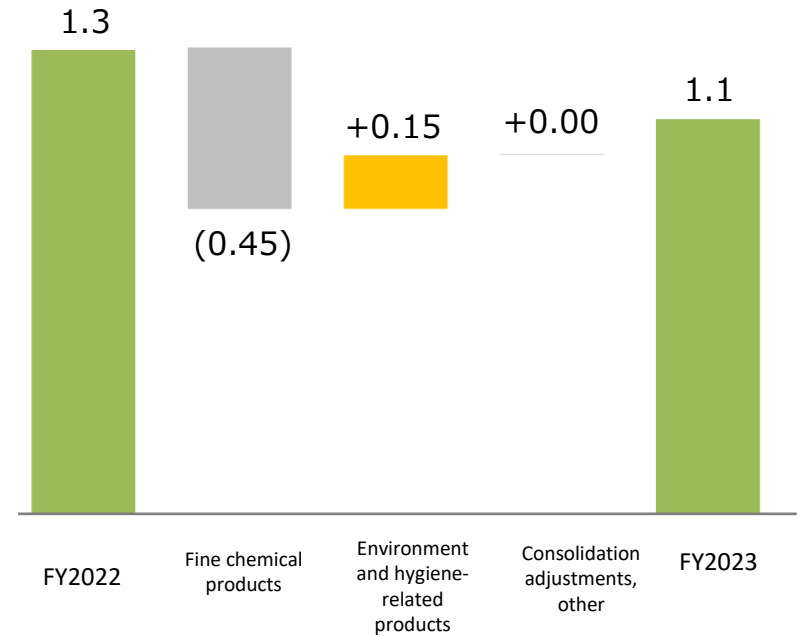
- Profit will increase due to increased unit sales prices for MCT, chocolate, and other products and other factors



MCT net sales
9.0 (+2.8 YoY)

■ Fine Chemical

- Profit will decrease due to lower sales volume by our European subsidiary, which performed strongly in the previous fiscal year



Raw materials for cosmetics net sales
10.3 (+0.0 YoY)



Initiatives to Raise Corporate Value

Assessment of Current Conditions

■ Current status of stock price

The Company's stock price remains below 1 times PBR, and securing capital profitability that exceeds equity costs is an issue that needs to be addressed.



■ Approach to equity costs

Assumptions concerning calculating the Company's equity costs

$$\text{Cost of Equity} = \text{Risk-free rate} + \beta \times \text{Market risk premium}$$

Risk-free rate: Increases in standard interest rates in each country including Japan are taken into consideration

β value: The Company's weekly β values for the past five years and expected market levels are taken into consideration

Market risk premium: Set at approximately 6% as the expected profit rate for the stock market

Policy on and Target for Improving Capital Profitability

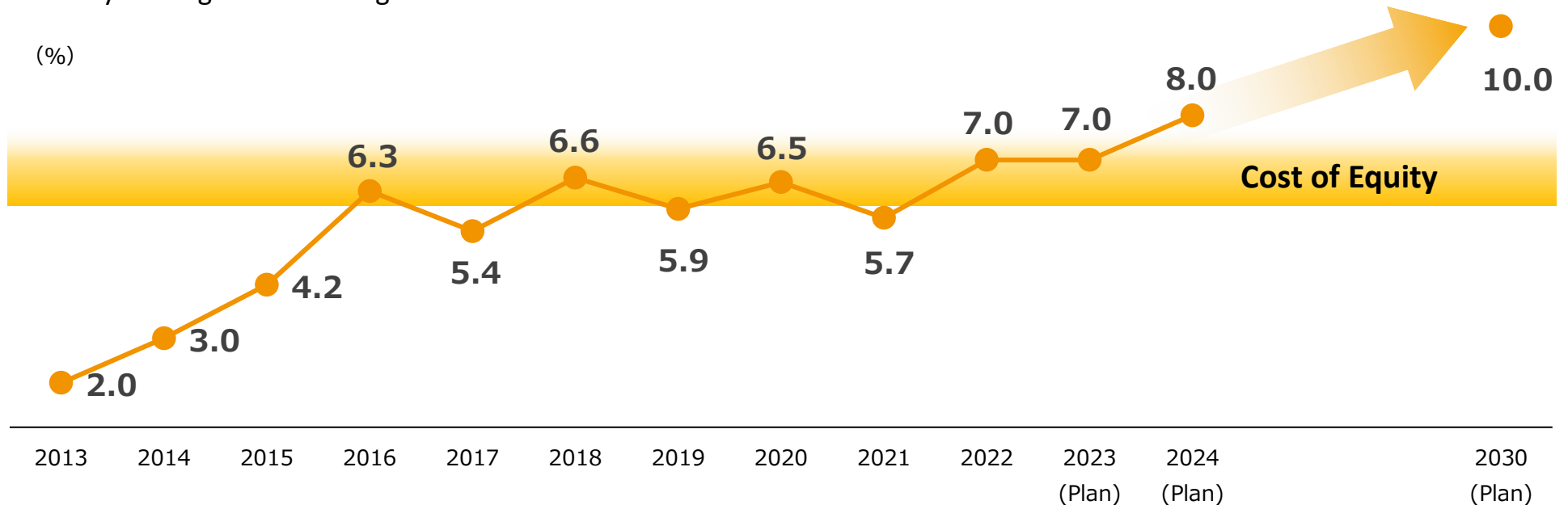
■ Policy

Improve PBR levels by achieving an ROE level that exceeds equity costs and sustainable growth

■ 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 company-wide ROE target, we are working to improve the profitability of individual business units by making ROIC a management indicator



Management Targets for 2030

Original targets

Net sales	Operating profit	ROE
¥500.0 billion	¥30.0 billion	8%+



Revised targets

ROE	ROIC
10%	7%

Main points

- Net sales have increased rapidly due to historical high market prices for oil in the past two years, and considering that future net sales and operating profit are currently unpredictable, we changed management targets for 2030 to ROE and ROIC only.
- We changed the ROE target from 8% or higher to 10% and set the ROIC target value at 7% to improve profitability in each business segment.

*As there are no changes to the details of the measures under initial management plan for creating value and improving profitability in order to achieve operating profit of ¥30 billion, we are following the target for increasing profits.

*ROIC = (Operating profit after tax + Equity in earnings of affiliates)/Average invested capital at the beginning and end of the fiscal year

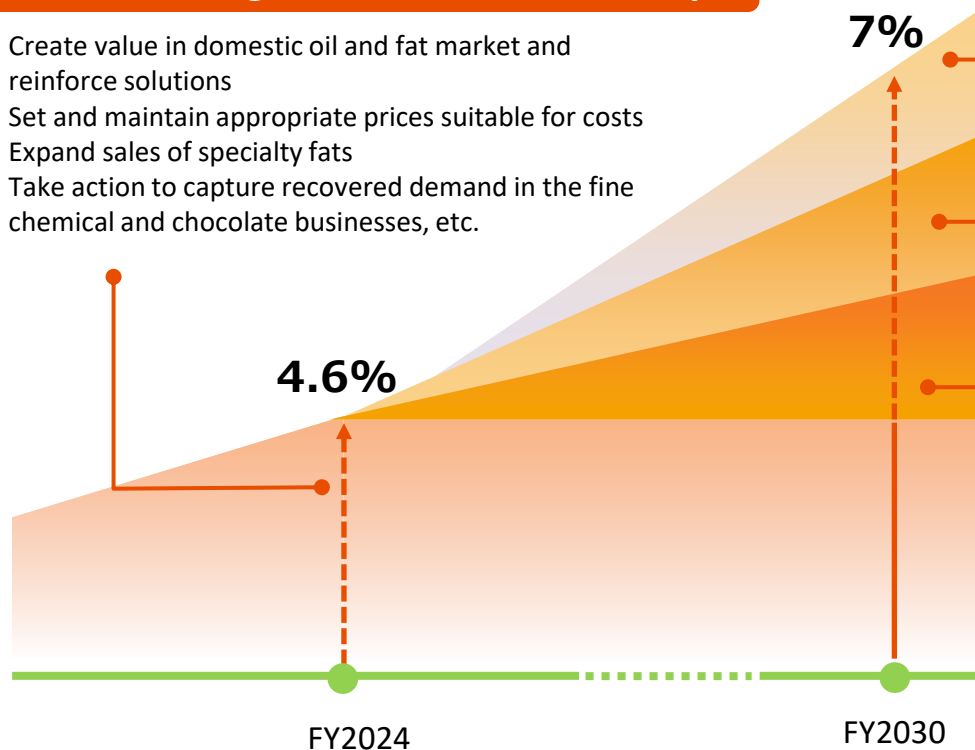
Measures to Achieve ROE of 10% (by 2030)

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

Image for achieving ROIC of 7%

Measures during the term of the *Value Up+*

- Create value in domestic oil and fat market and reinforce solutions
- Set and maintain appropriate prices suitable for costs
- Expand sales of specialty fats
- Take action to capture recovered demand in the fine chemical and chocolate businesses, etc.



Measures up to 2030

Develop new markets in North America

KPI Expand sales: +¥50 billion, ROIC 10%

- In the North American market, where naturalness and traceability are emphasized, build business models that leverage our technological strengths to conduct business in multiple areas
- Make investments on a scale necessary for business development

Leap forward to become a global top provider of oil and fat solutions in the oil and fat processing field

KPI Operating profit growth rate:* 6%, ROIC 8%

- Establish a world-leading position in specialty fats
- Reinforce access to growth markets in the fine chemical business
- Increase profitability in the chocolate business in Japan and Asia

Achieve steady growth and raise profitability in the domestic oil and fat business

Expand the scale of profit with an operating profit rate target of 6%

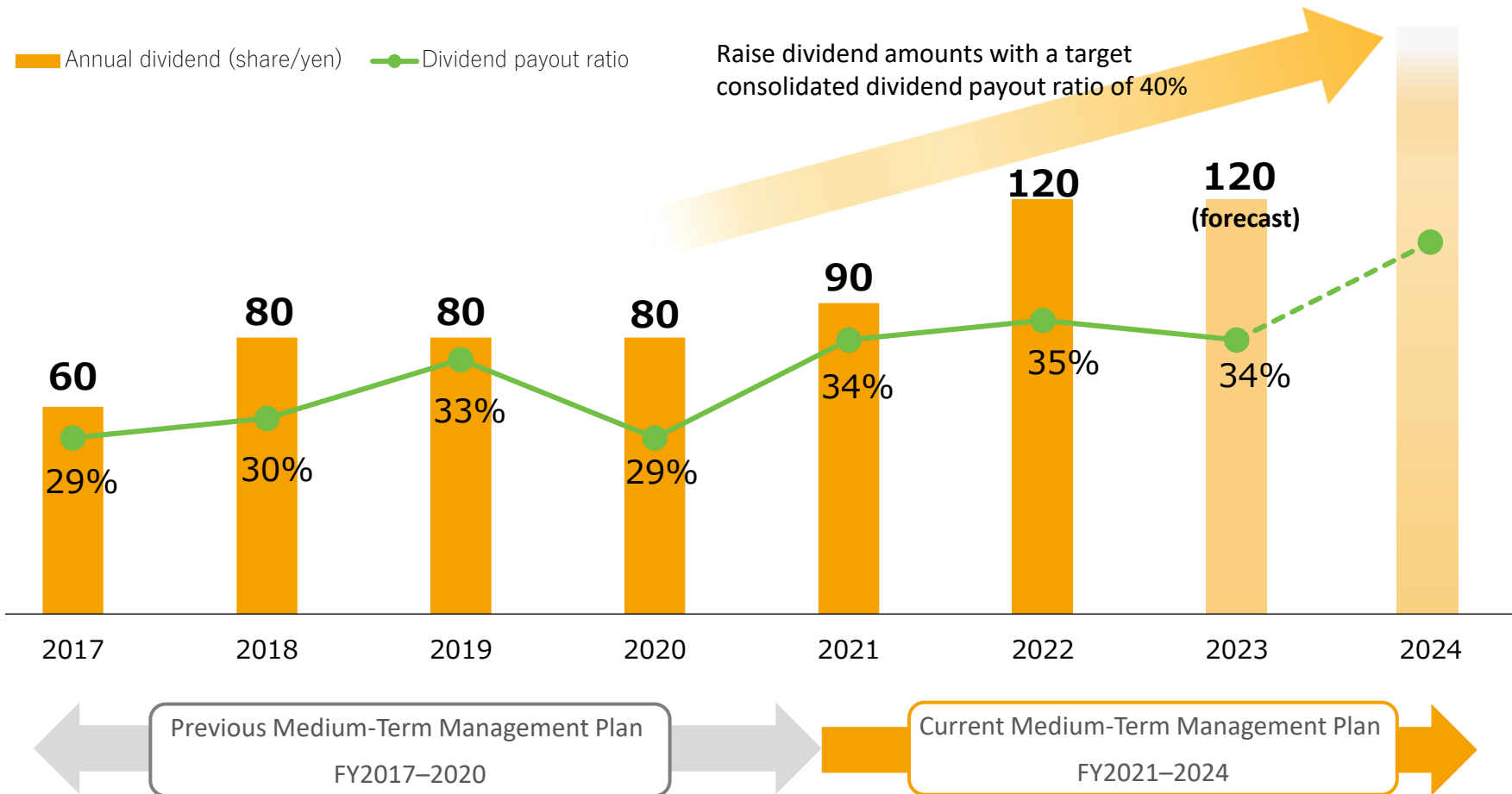
KPI Operating profit growth rate:* 5%, ROIC 5%

- Leverage our unique technologies to form a new price equilibrium point
- Create and expand markets through new value proposals

* Operating profit growth rate: Average compound annual growth rates (CAGR) from FY2019 to FY2030

Review of Shareholder Return Policy

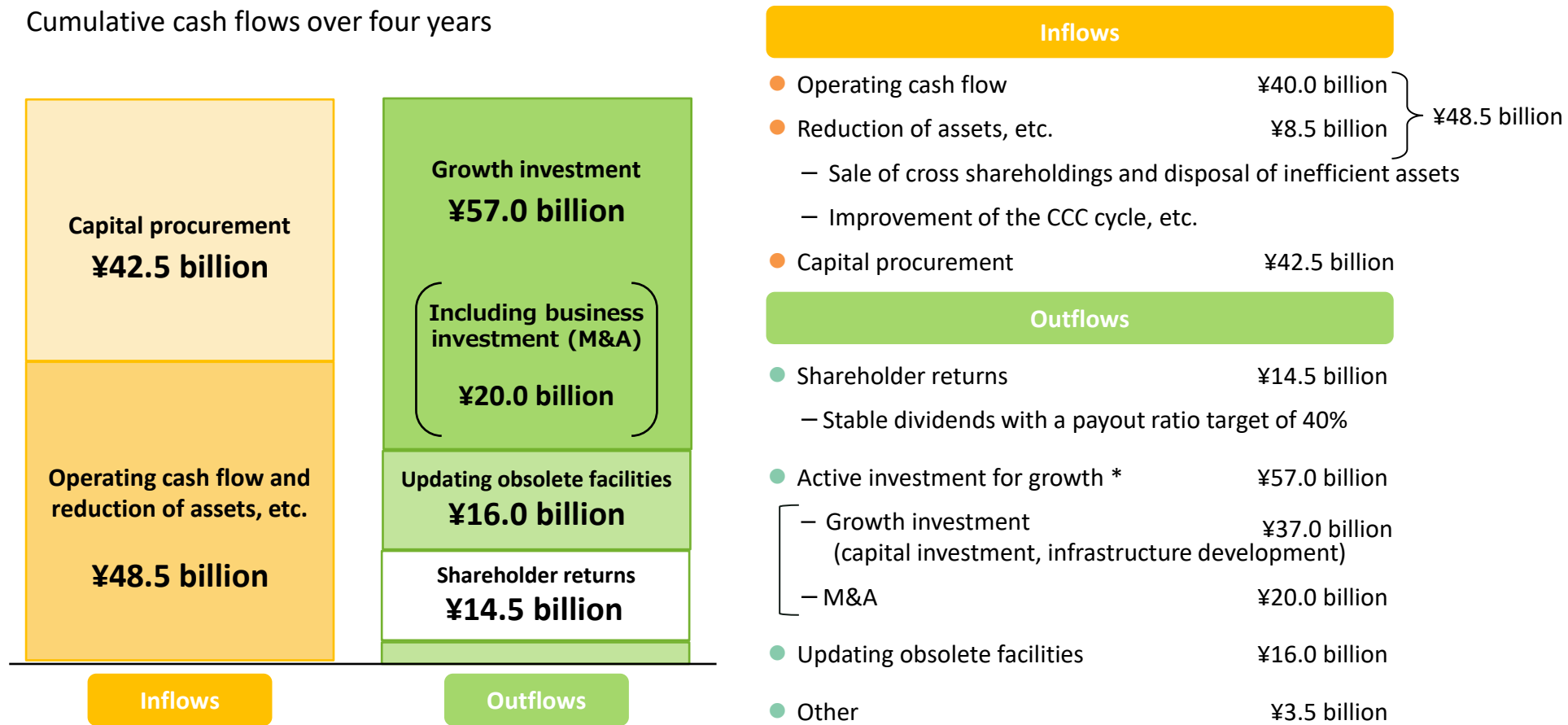
- We have revised our shareholder return policy to providing a consolidated dividend payout ratio of 40% looking ahead to FY2024, the final year of the *Value Up+* Medium-term Management Plan with the assumption of continued stable dividend payments.
- We will reflect in shareholder returns the profit growth and improved return on capital achieved through active investment intended to increase corporate value.



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

- We project that cumulative operating cash flows over four years will be about ¥40 billion.
- In light of operating cash flow conditions, our shareholder return policy, and other factors, cash allocation during the term of the *Value Up+* Medium-term Management Plan will be as follows.

Cumulative cash flows over four years



*Additional growth investment will be considered as necessary, taking into consideration financial soundness.



Progress of the Medium-term Management Plan

Status of Management Indicators

FY2022 Results

- Net sales, operating profit, ROE, and ROIC exceeded the plans as a result of setting appropriate prices suitable for costs, higher profits overseas, and other factors
- On the other hand, operating cash flow was below initial expectations due to effects from increases in operating capital on soaring raw material market prices

FY2023 Plan

- We project the absence of temporary overseas profit factors in FY2022 and effects from a decline in mark-to-market valuation gains on palm oil transactions. However, we will achieve steady improvement in profitability through our domestic oil and fat price strategy, solutions, and measures to create value.
- Also, we will conduct management with an even greater emphasis on capital efficiency in order to improve cash flows and capital efficiency, which deteriorated due to the increase in operating capital.

	Unit	FY2021 results	FY2022 results	FY2023 plan	FY2024 goal
Net sales	Billion yen	432.7	556.5	540.0	540.0
Operating profit	Billion yen	11.6	16.1	16.0	17.0
ROE	%	5.7	7.0	7.0	8.0
Cumulative operating cash flows	Billion yen	(26.6)	(26.2)	12.5	40.0
ROIC	%	4.1	4.5	4.4	4.6

*Return on Equity (ROE): $\text{Net profit} / ((\text{equity capital at beginning of term} + \text{equity capital at end of term}) / 2)$

Return on Invested Capital (ROIC): $(\text{Operating profit after tax} + \text{equity in earnings of affiliates}) / ((\text{invested capital at beginning of term} + \text{invested capital at end of term}) / 2)$

Status of ROE

- In addition to higher net sales and profit achieved by implementing price revisions, the Company has increased its financial leverage by raising funds to support growth investment, and as a result, ROE in FY2022 increased by 1.3 points from the previous year to 7.0%.
- The total asset turnover is expected to decrease due to effects from lower raw materials costs, but ROE in FY2023 is expected to remain unchanged from FY2022 at 7.0% as a result of improvement of the profit rate in the domestic oil and fat business.

	Unit	FY2021 results	FY2022 results	FY2023 plan	FY2024 plan
ROE	%	5.7%	7.0%	7.0%	8.0%
Profit margin on sales	%	2.0%	2.0%	2.1%	2.3%
Total asset turnover	Times	1.4	1.6	1.4	1.5
Financial leverage	Times	2.1	2.3	2.3	2.3

Main initiatives to achieve the planned ROE of 8% in FY2024

Raise profitability	<ul style="list-style-type: none"> ● Establish a new price equilibrium point in the domestic oil and fat business ● Pursue additional added value through measures to create value
Increase asset efficiency	<ul style="list-style-type: none"> ● Contract operating capital by reducing the inventory rate ● Increase asset efficiency by selling cross shareholdings and other measures
Capital policy and capital procurement	<ul style="list-style-type: none"> ● Make investments to achieve sustainable growth and provide returns to shareholders from profit growth ● Perform income and expenditure control and appropriate capital procurement with an awareness of financial soundness

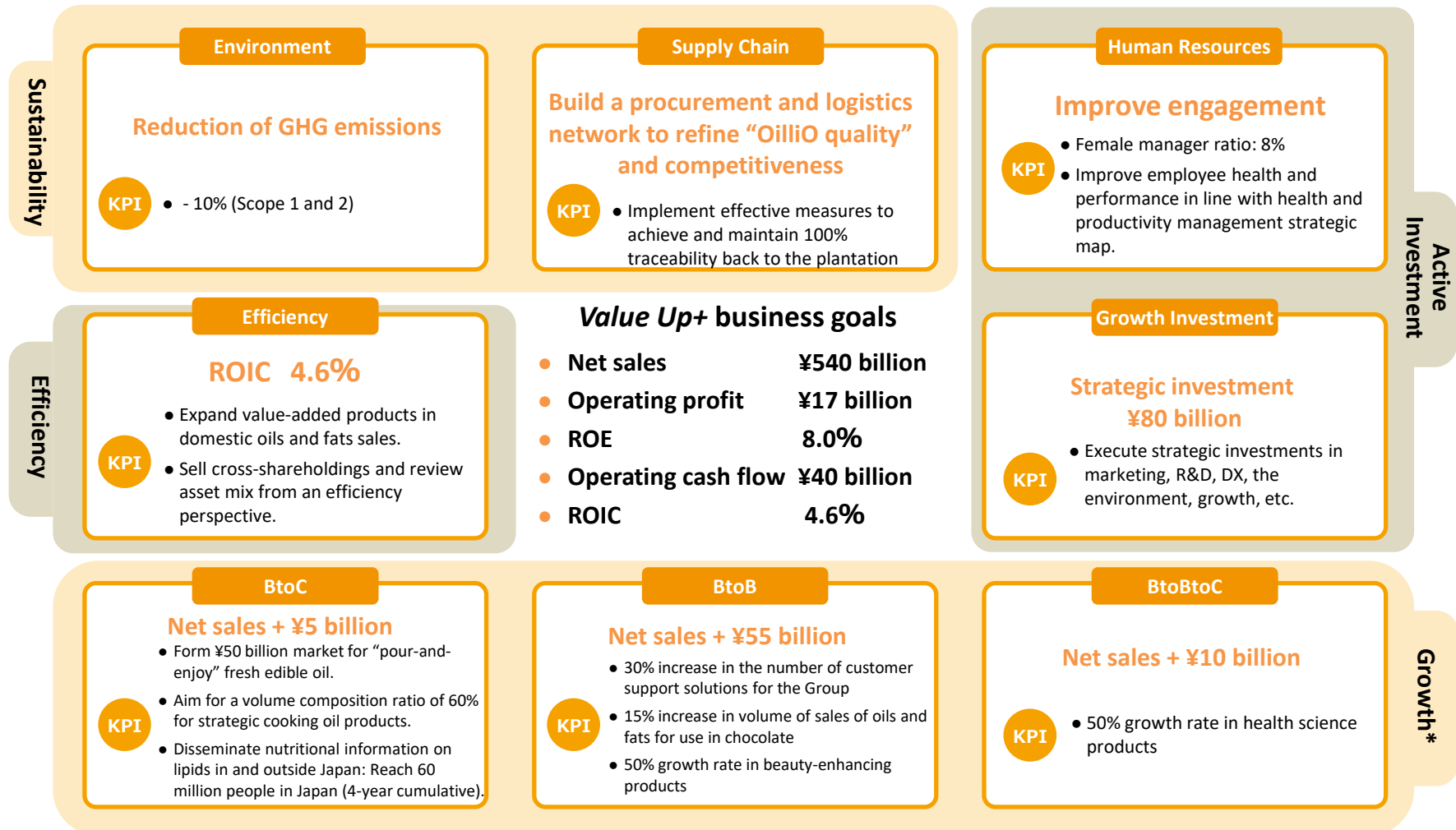
Vision 2030: Shared Values and CSV Goals in Our Priorities

*Preliminary figures

Our Priorities	CSV Goals			
	Goals	FY2022 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” (vs. FY2019)	126.6%	150%	200%
	Develop products that enhance people's good health leveraging knowledge of lipid nutrition	Launched 11 products including nutritional supplements and foods with functional claims to “reduce body fat and waist size”	Collect evidence relating to frailty prevention and improvement of metabolic syndrome and launch products (total of more than 20 products since 2022)	Collect evidence relating to solutions to personal health issues (improvement and control of physical health) and develop products
	Number of people provided with lipid health information (total, from FY2021)	34.84 million	60 million	100 million
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 enhance “beauty” (vs. FY2019)	126.6%	150%	200%
Global environment	Reduction ratio of GHG emissions (Scope 1 and 2, vs. FY2016)	8.6%*	10%	31%
	Reduction ratio of GHG emissions (Scope 3)		Encourage suppliers covering 70% of emissions from purchased products, services and transport and delivery (upstream) to set science-based reduction targets by 2026	
	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)	7.5%	Over 6%	Over 6%
	Growth rate of customer support solutions (vs. FY2019)	112%	130%	150%
Supply chain connected by trust	Develop and deepen business activities based on respect for human rights	Inform all personnel companywide about the human rights policy Start human rights due diligence	Conduct rigorous human rights due diligence in supply chains	
	Raise the rate of traceability back to the plantation	Palm oil 90.9%	Palm oil: implement effective measures to achieve and maintain 100% traceability	Palm 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	63.0%	70%	80%
	Female manager ratio	6.3%	8%	20%

Value Up+ Framework for Managing KPIs Aimed at Realizing Business Goals

To achieve *Value Up+* business goals, we are promoting efforts from the perspectives of growth, active investment, sustainability, and efficiency



*The net sales targets in terms of growth represent the amount achieved through value creation not affected by sales prices revisions due to the surge in prices of raw materials.

Efforts toward FY2024

Expand the domestic market for household use through mechanisms for enhancing the value of oils and fats

- Form a ¥50 billion market for “pour and enjoy” fresh oil (up by 30% versus FY2019)
- Structural reforms in cooking oil (increase composition ratio of functional products, healthy oils and other strategic products to 60%)
- Number of people provided with lipid health information: 60 million (cumulative over 4 years) *Target value revised from 30 million to 60 million

FY2022 results

- “Pour and enjoy” fresh oil market: ¥41.4 billion
- Strategic products composition ratio: 51%
- Number of people provided with lipid health information: 34.84 million

FY2023 plan and efforts

- Continued sales expansion of added-value oils
- Strategic products composition ratio: 60%
- Number of people provided with lipid health information: 50 million (cumulative from FY2021)

Market environment

- The market scale expanded in FY2022 and reached a record high in excess of 180 billion yen as a result of increased demand for eating at home and higher prices in conjunction with rising prices for raw materials
- There are concerns about the effects on demand from consumer desire to curtail spending, limit purchases, and use less

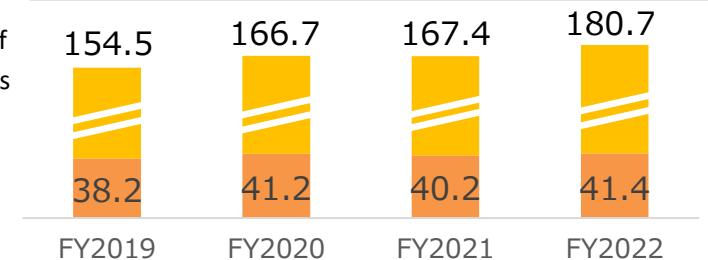
FY2022 status

- Established appropriate sales prices in conjunction with soaring prices for raw materials
- In addition to initiatives to expand the market for “pour-and-enjoy” fresh oil and to create a market for flavored oil products, focused on implementing structural reforms in cooking oil including expanding sales of Healthy Off and achieved sales volume growth that exceeded market growth

FY2023 key measures

- Continue sales at appropriate prices based on the increased value of edible oils and promote market formation based on a new sensibility of reasonable prices
- Implement structural reforms in cooking oil and advance “pour-and-enjoy” fresh oil to increase the value of edible oils and continuously expand the markets
- Develop the market for flavored oil products by highlighting the new and delicious flavors of edible oils and their way of use

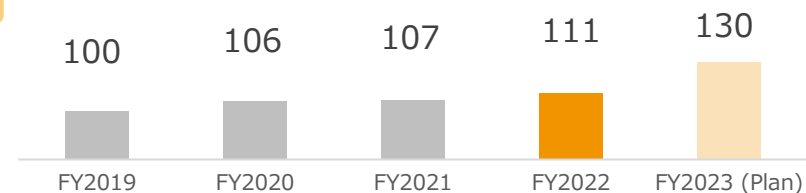
Size of market for edible oils for household use (billion yen)



*Compiled based on SCI from Intage Inc.

“Pour and enjoy”
fresh oil

Change in net sales of value-added oils* for household use



*Of the value-added category, olive oil, sesame oil, supplemental oils

*Indexed using FY2019 as 100

Growth

BtoB

Domestic Commercial Use, Food Processing, Processed Oil and Fat

Efforts toward FY2024	FY2022 results	FY2023 plan and efforts
<ul style="list-style-type: none"> Growth rate of the Group's customer support solutions: Up by 30% (versus FY2019) 	<ul style="list-style-type: none"> Up by 12% versus FY2019 	<ul style="list-style-type: none"> Up by 20% versus FY2019

Market environment

- Although the eating-out industry is recovering, restaurants, taverns, and so on have yet to recover to FY2019 levels
- Prepared foods at volume retailers maintain strong performance, and ready-to-eat and processed foods are performing steadily

Commercial Use
Change in net sales of customer-solution-type frying oil and value-added oil

FY2022 status

- Established appropriate sales prices in conjunction with soaring prices for raw materials
- Expanded sales of solution-based value-added products
- Conducted product development and proposed applications that leverage our co-creation mechanisms, user support systems, and Group collaboration

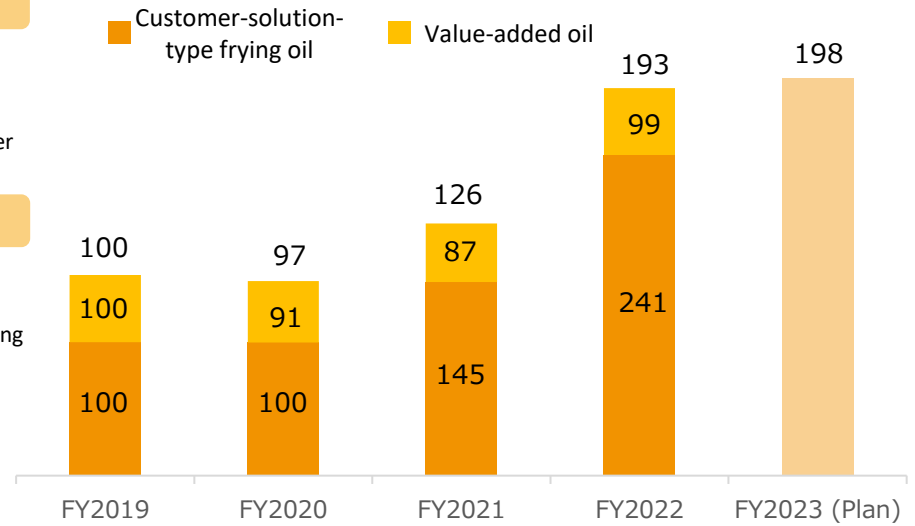
FY2023 key measures

Commercial Use

- Create a new price equilibrium point by expanding the composition ratios of "customer-solution-type" frying oil and value-added product categories and capture latent demand by solving problems
- Increase customer understanding and undertake initiatives to build foundations for reforming sales styles

Processing Use and Processed Oil and Fat

- Develop new users and territories to expand sales of strategic processed products
- Expand sales by leveraging the Company's strengths including oil and fat processing technology and Group collaboration and continue reinforcing product development and application proposal capabilities



*Indexed using FY2019 as 100

Growth

BtoB

Oils and Fats for Use in Chocolate

Efforts toward FY2024

- Expand sales volume of oils and fats for use in chocolate: Up by 15% (versus FY2019)

*The target for FY2024 was revised downward from up 30% to up 15% due to differed time of investment and other factors

FY2022 results

- Sales volume versus FY2019 down by 5%

FY2023 plan and efforts

- Sales volume versus FY2019 up by 3%

Market environment

- Palm oil market prices peaked around June and subsequently declined, and the palm oil refining margin, which was at historical high levels in the first half, declined starting in the second half
- Continued recovery in demand from the effects of COVID-19 is expected, but logistics and utility costs are rising

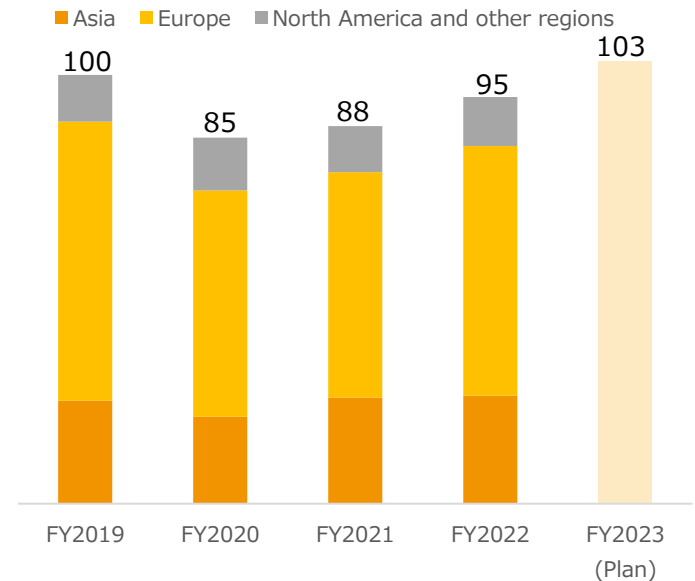
FY2022 status

- Decided to install new equipment at ISF to advance a technology for controlling trace elements and currently under preparations
- Enhancements to chocolate oil and fat production technologies have entered the adjustment phase for commercial operation
- Commenced full-scale operation (achieved profitability) of ISF Italy equipment operation
- Conducted market research for establishing a business base in Thailand in preparation for market expansion in Southeast Asia

FY2023 key measures

- Investigate the introduction of facilities for optimizing processes to boost production capacity of oils and fats for use in chocolate in order to expand sales
- Establish production systems for new manufacturing techniques that will enhance quality control
- Strengthen inter-group collaboration including ISF Italy, ISF Shanghai, and IADC to develop new customers
- Reinforce business sites in preparation for expansion of target markets (Europe, North America, and Southeast Asia) and investigate business strategies

Oils and Fats for Use in Chocolate Sales Volume by Area



*Indexed using FY2019 as 100

Growth

BtoB

Cosmetic Oils

Efforts toward FY2024

- Growth rate of products that realize beauty**: Up by 50% (versus FY2019)
 ** Target value revised from up 30% to up 50%
- *Including the cosmetics raw materials and hygiene management businesses

FY2022 results

- Cosmetic Oils
- Up by 45% versus FY2019

FY2023 plan and efforts

- Cosmetic Oils
- Up by 46% versus FY2019

Market environment

- Although time is required for the domestic sales environment to recover, the trend is toward recovery due to a partial recovery of inbound demand with the substantial lifting of border measures that were imposed in response to COVID-19
- Overseas, China began recovering during the second half, but the European market, which had been strong in the first half, turned downward in the second half, and the cost environment deteriorated due to higher utility costs and effects from inflation

FY2022 status

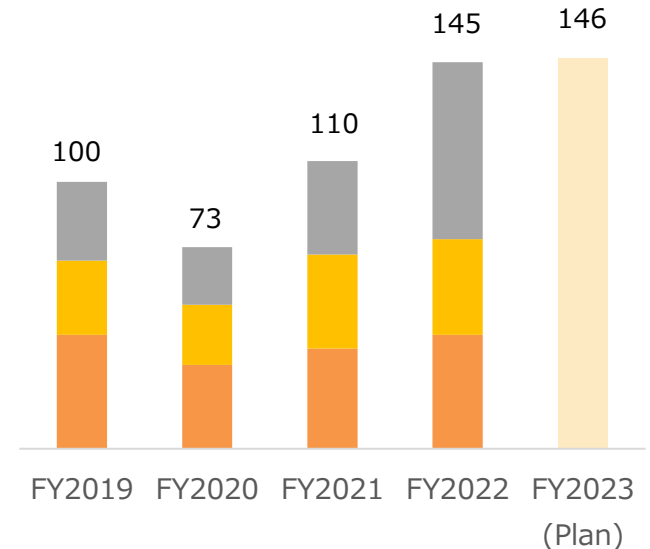
- Conducted sales at appropriate prices in response to cost increases
- Implemented promotional activities for new technology data and new products using online seminars and so on to reinforce the global cosmetics business
- Proposed technologies to domestic and overseas customers using new knowledge and application methods regarding specialty oils

FY2023 key measures

- Reinforce technology proposals to expand sales in Asia, Europe, and the U.S. and expand sales by steadily targeting demand in the domestic market, which is recovering
- Identify potential functions of cosmetic specialty oils by leveraging technical support function, and develop a global solution business in cooperation with overseas bases
- Develop and introduce in stages “natural-origin-content” products that can enhance the value of ester oils

Cosmetic Oils Net Sales

■ North America and other regions ■ Asia ■ Domestic



*Indexed using FY2019 as 100

Growth

BtoBtoC

Functional Materials and Foods: MCT (Medium-Chain Triglyceride)

Efforts toward FY2024

- Growth rate of health Science products:
Up by 50% (versus FY2019)

FY2022 results

- Up by 27% versus FY2019

FY2023 plan and efforts

- Up by 40% versus FY2019

Market environment

- The MCT market scale in edible oils for household use exceeded the level of the previous fiscal year and is expanding
- MCT recognition is around 39% (Company research), and recognition is advancing in the target group with a strong interest in beauty and slimming

FY2022 status

- Actively approached processed food manufacturers, and about 40 new applications were adopted and commercialized
- Continued to expand market scale by deploying new products with functional claims and increasing sales linked to communication activities

FY2023 key measures

- Expand products that use MCT by continuing approaches to processed food manufacturers, commercializing products, and following up with distributors
- Aim to acquire sales significantly greater than the previous year by expanding sales further through enhancement of MCT oil product appeals, using functional indications, and linking to communication activities
- Leverage the Nisshin Oillio Medical Support Site and expand proposals by developing sales stories for products for the elderly and the nursing care field with an eye toward expanding into the frailty and pre-frailty markets



▲ Nisshin Oillio Medical Support Site opened

Utilize a website that focuses on specialized information for healthcare and nursing care providers to develop inbound marketing through comprehensive proposals on lipid nutrition that focus on MCT, expansion of content that solves issues of healthcare and nursing care providers, and development of stories from poor nutrition to frailty

Efficiency

Enhancing Capital Efficiency with Sustainable Growth

	2021	2022	2023 (plan)	2024 (plan)
ROIC	4.1%	4.5%	4.4%	4.6%
Invested capital (billion yen)	225.2	259.0	265.0	270.0
Operating profit (billion yen)	11.6	16.1	16.0	17.0

Expanded need for operating capital due to soaring market prices, etc. → Promote asset reduction (cross-shareholdings, etc.) and shareholder returns

Established appropriate sales prices suitable for costs for raw materials → Establishment and maintenance of appropriate sales prices, recovery in demand from COVID-19

	2021	2022	2023 (plan)	2024 (plan)
Oil and meal	1.8%	2.6%	3.2%	2.8%
Processed Oil and Fat	4.9%	4.7%	3.1%	4.0%
Processed Food and Materials	2.9%	0.8%	1.6%	2.8%
Fine Chemical	7.9%	6.8%	5.2%	7.5%
Total	2.7%	2.9%	3.0%	3.1%

Percentage of operating profit to net sales

- Improved profit margins in oil and meal with the prevalence of price revisions
- Profit margins declined as a result of substantial impacts from higher costs for processed food and materials
- Establish and maintain appropriate sales prices according to the cost environment and provided value
- Lower profit margins due to effects from processed oil and fat refining margins (absence of temporary factors from the previous year)
- Improvement in profit levels due to the realization of Medium-term Management Plan measures contributes to improved profit margins
- Higher human resource expense burdens resulting from active human resource investment for the future

Sustainability Global Environment/Supply Chain Connected by Trust

Efforts toward FY2024	FY2022 results	FY2023 plan and efforts
<p>Environment</p> <ul style="list-style-type: none"> Reduction of GHG emissions Scope 1, 2 -10% (versus FY2016) <p>Supply chain</p> <ul style="list-style-type: none"> Implement measures addressing effectiveness to achieve and maintain 100% traceability back to palm plantations Conduct rigorous human rights due diligence 	<p>Environment</p> <ul style="list-style-type: none"> Scope 1, 2 -8.6% (versus FY2016) *Preliminary figures <p>Supply chain</p> <ul style="list-style-type: none"> Palm plantation traceability rate: 90.9% 	<p>Environment</p> <ul style="list-style-type: none"> Scope 1, 2 -9% (versus FY2016) <p>Supply chain</p> <ul style="list-style-type: none"> Conduct sustainable procurement and initiatives to respect human rights

Key initiatives in FY2022

Environment

- Expanded renewable energy in accordance with the decarbonization roadmap
 - Started solar power generation at three plants in Japan and expanded to Group companies
 - Introduced a biomass boiler at the Sakai Plant and effectively used byproducts from production processes
- Promoted recycling of plastic resources
 - Introduced bio-polyethylene for core household products (1000g polyethylene bottles)
 - Conducted a trial with Kawasaki City to collect household waste plastic containers for cooking oil (supported by the Ministry of the Environment)

Supply chain

- Created human rights due diligence mechanisms
 - Conducted self-assessment questionnaires (SAQs) within the Group and started to identify human rights risks for the Group and third parties
 - Investigated labor practices and hiring conditions at palm plantations in cooperation with customers and NGOs

Initiatives in FY2023 and beyond

Environment

Expand energy savings further and make preparations for expanding solar power generation and non-fossil fuel energy such as hydrogen

Supply chain

- Implement initiatives for sustainable procurement and respect for human rights
 - Collaborate with stakeholders to achieve 100% traceability back to palm plantations
 - Conduct SAQs and on-site audits of suppliers with high human rights risks
 - Formulate an action plan for sustainable procurement of soybeans and cacao

Revise targets concerning palm oil business with improving traceability as the highest priority to address issues in supply chain

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"The Natural Power of Plants"

