

Main Q&A in The Nisshin OilliO Group's
FY2022 Financial Results Briefing

Date and time: Friday, May 19, 2023; 15:30–16:30

Format: Teleconference system

Attendees from The Nisshin OilliO Group:

Takahisa Kuno, Representative Director and President

Hiroshi Hasegawa, General Manager, Management Planning Office

Koji Miki, General Manager, Financial Department

Koutaro Ishibashi, General Manager, Public Relations & Investor Relations Dept.

Q : Regarding ROIC targets toward FY2030, specific targets have been set, such as 5% for domestic oil and fat and 8% for processed oil and fat. How are the levels to be raised?

A : Although fundamental conditions vary regarding the ROIC level for each business segment, while comparing levels with cost of equity, we share an awareness of the problem within the Company. Toward FY2030, the target of 7% ROIC is a high hurdle, but we will steadily achieve it within our business portfolio as a whole. From a medium- to long-term perspective, we will enhance asset efficiency and, amid greatly volatile market conditions, steadily promote a price strategy to improve our operating profit margin.

Q : I think the target of 10% ROIC by opening the North American market is quite a challenge. Please comment on the achievability of this target.

A : We will be formulating and advancing a concrete strategy from now on, and we are thinking of 10% ROIC as the major precondition. It will be difficult for just one or two businesses alone to achieve this target, but we aim to do so by combining multiple related businesses.

Q : Regarding the formation of a new price equilibrium point, can you give us an image of how prices are going to be formed as raw material market prices reach a turning point?

A : Until now, when raw material market prices have fluctuated up and down, prices have been formed in parallel with these market trends. But factors determining prices include not only raw material prices but also energy costs, distribution costs, investment in human resources, and so on. Prices will be decided in a way that reflects all these factors. At the same time, on our own initiative, we will form new price equilibrium points involving such factors as the improvement of final products, the enhancement of production efficiency, product development, and user support.

Q : The volume target for the sale of oil and fat for chocolate has been lowered. Please tell us about plans going forward.

A : The target reflected conditions caused by delays in capital investment and the start and completion of construction work. We have continued to secure a certain share of the market, and we believe that once there is a

recovery from the impact of COVID-19, we can grow together with expansion of the market.

Q : In the MCT business, although the rate of progress against the target is steadily advancing, the scale still seems to be small. I think further technological innovations in MCT are necessary to achieve further expansion in BtoBtoC. Please tell us about the potential and foundations here.

A : The number of cases of MCT adoption by processed food manufacturers has been increasing considerably, and the scale is steadily expanding. On the technological side too, besides the fat-burning property, we are taking part in research concerning frailty and prefrailty in collaboration with industry, government, and academia.