

Main Q&A at The Nisshin OilliO Group's
Financial Results Briefing for the Second Quarter of FY 2023

Date and time: Thursday, November 16, 2023; 15:30—16:30

Format: Teleconference

Attendees from The Nisshin OilliO Group:

Takahisa Kuno, Representative Director and President

Hiroshi Hasegawa, General Manager, Corporate Sustainability Management

Koji Miki, General Manager, Financial Department

Kotaro Ishibashi, General Manager, Public Relations & Investor Relations Department

Q: What is the backdrop behind keeping the operating profit target unchanged at ¥17 billion in the medium-term management plan ending FY2024 while revising the full-year operating profit forecast upward to ¥18 billion for FY2023?

A: While we are still discussing internally the revision of the targets of the medium-term management plan, we have already begun to share within the company the possibility of elevating our perspective, with the upward revision to our full-year earnings forecast for the current fiscal year. In working toward the targets for FY2024, the final year of the medium-term plan, as we have enhanced our capability to respond to market fluctuations in the domestic oil and fat segment, it is crucial to steadily implement measures for growth. We believe that we will be able to meet the targeted sales volume for oils and fats for chocolate, our focus in our processed oil and fat business, and thus, we are investing in facilities to support that goal. We are also working steadily to achieve sales volume targets in Italy and Shanghai and are well-positioned for sales expansion. For cosmetic oils of the fine chemical segment, we are establishing a business foundation in ASEAN, a major market. Furthermore, in response to global trends for natural-origin-content products, we are launching new products that leverage the technologies we have accumulated over the years. We aim to increase sales volume and earnings of the medium-chain triglyceride (MCT) oils in the processed food and materials segment, since the cost environment has been relatively stable. We will closely examine these initiatives in the second half of this fiscal year to enhance our perspective on performance targets, paying careful attention to avoid overlooking potential risks.

Q: Given concerns about demand contraction due to price surges, what is your strategy, including your view on fixed costs, for the oil and meal business?

A: The time lag between changes in raw material market conditions and their reflection in sales prices in the first half of this fiscal year is expected to normalize in the second half of the year. Even so, we will continue to increase profitability by revising our product mix while expanding sales of solution-proposing functional products and value-added products in the next fiscal year and beyond. As for fixed costs, we plan to aggressively invest in marketing-oriented areas, specifically value-added products. Meanwhile, we will prudently manage invested capital in basic areas, prioritizing efficiency, and other key aspects. We believe it is necessary to organize our approach to future capital investment while considering the balance between medium- to long-term industry-wide demand trends and

supply capacity.

Q: Given the increasing operating cash flow this fiscal year, what is your policy on future shareholder returns?

A: While maintaining stable dividends, we plan to gradually increase the consolidated dividend payout ratio toward the target of 40% for FY2024, as announced in May this year. We will ensure that the results of profit growth and improvement in return on capital, achieved through aggressive investments to enhance corporate value, are reflected in shareholder returns. Thus, there is no change in our shareholder return policy.