



"The Natural Power of Plants"

The Nisshin Oillio Group, Ltd.

First Half of FY2024 Financial Results Briefing

November 14, 2024



Summary of Financial Results for First Half of FY2024

Summary of Financial Results for First Half of FY2024 and Full-Year Earnings Forecast for FY2024

■ Financial Results for First Half of FY2024

- **Consolidated net sales increased year on year to ¥261.1 billion, whereas consolidated operating profit decreased year on year to ¥10.3 billion.**
 - Domestic oil and fat sales decreased year on year due to lower unit sales prices despite higher sales volumes of commercial-use and food processing products due to the recovery of demand for dining out and tourism resulting from more active domestic travel. Profits also decreased year on year due to a decrease in gross profit per unit for general-purpose products, effects from higher costs for olive oil, and higher logistics costs.
 - Overseas processed oil and fat posted higher sales and profits than a year ago due to higher sales prices resulting from a rise in palm oil market prices, in addition to increased sales volumes.
 - Processed food and materials posted higher sales and profits than a year ago due to higher sales volumes and unit sales prices of chocolate products and sales of MCT products at appropriate prices.

■ Full-Year Earnings Forecast for FY2024

- **Consolidated net sales and consolidated operating profit are expected to be ¥535.0 billion and ¥21.0 billion, respectively.**
 - The results for the first half of FY2024 were generally in line with our plan.
 - We expect to experience a more challenging business environment in the second half, mainly due to sluggish market conditions for general-purpose products in domestic oil and fat and the impact of rising cacao market prices.
 - Even in such a challenging business environment, we will achieve our initial plan by boosting sales of oils and fats for chocolate overseas while ensuring revised prices prevail over the domestic market and seeking to recover the sales volumes of household-use products in Japan.

Overview of Financial Results for First Half of FY2024

(Billion yen)

	First half of FY2024	First half of FY2023	YoY change	
			Amount	Percentage
Net sales	261.1	254.8	+6.3	102.5%
Operating profit	10.3	11.5	(1.2)	89.6%
Operating profit margin	4.0%	4.5%	–	–
Ordinary profit	8.9	11.1	(2.2)	80.1%
Profit attributable to owners of parent	7.5	7.9	(0.4)	94.3%

Amounts of less than 0.1 billion yen are rounded down.

Results by Business Segment for First Half of FY2024 (Net Sales and Operating Profit) (Billion yen)

	First half of FY2024	First half of FY2023	YoY change	
			Amount	Percentage
Net sales	261.1	254.8	+6.3	102.5%
Oil and Fat	212.2	211.4	+0.8	100.4%
Oil and Meal	151.0	162.1	(11.0)	93.2%
Processed Oil and Fat	61.1	49.3	+11.8	124.1%
Processed Food and Materials	37.3	32.8	+4.4	113.6%
Fine Chemical	10.3	9.3	+1.0	111.5%
Other/Adjustments	1.2	1.2	(0.0)	96.8%
Operating profit	10.3	11.5	(1.2)	89.6%
Oil and Fat	8.1	11.0	(2.8)	74.2%
Oil and Meal	5.2	8.8	(3.6)	59.2%
Processed Oil and Fat	2.9	2.1	+0.7	134.8%
Processed Food and Materials	1.4	0.1	+1.3	1217.6%
Fine Chemical	0.9	0.6	+0.2	145.3%
Other/Adjustments	(0.2)	(0.2)	(0.0)	—

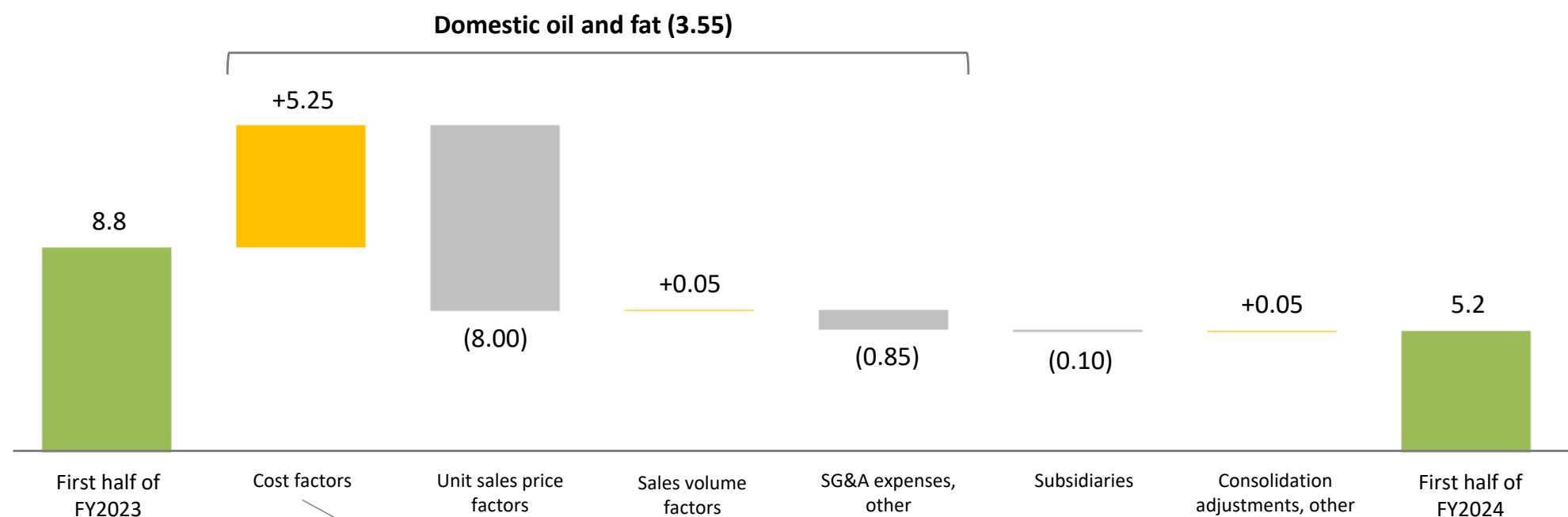
Amounts of less than 0.1 billion yen are rounded down.

Change in Operating Profit by Business Segment for First Half of FY2024

(Billion yen)

Oil and Meal

- Operating profit decreased year on year due to lower unit sales prices, effects from higher costs for olive oil, and higher logistics costs, despite lower costs for raw materials.



Breakdown of cost factors	
Soybean	+1.55 [C&F +8.65, foreign exchange (5.20), meal sales (1.90)]
Rapeseed	+2.45 [C&F +8.05, foreign exchange (3.85), meal sales (1.75)]
Other products & manufacturing costs	+1.25 [costs for olive oil (2.50), inventory taking, yield rate, etc. +3.75]

Breakdown of unit sales price factors	
Commercial-use and processing-use	(7.35)
Household-use	(0.65)

Breakdown of sales volume factors	
Commercial-use and processing-use	+0.40
Household-use	(0.35)

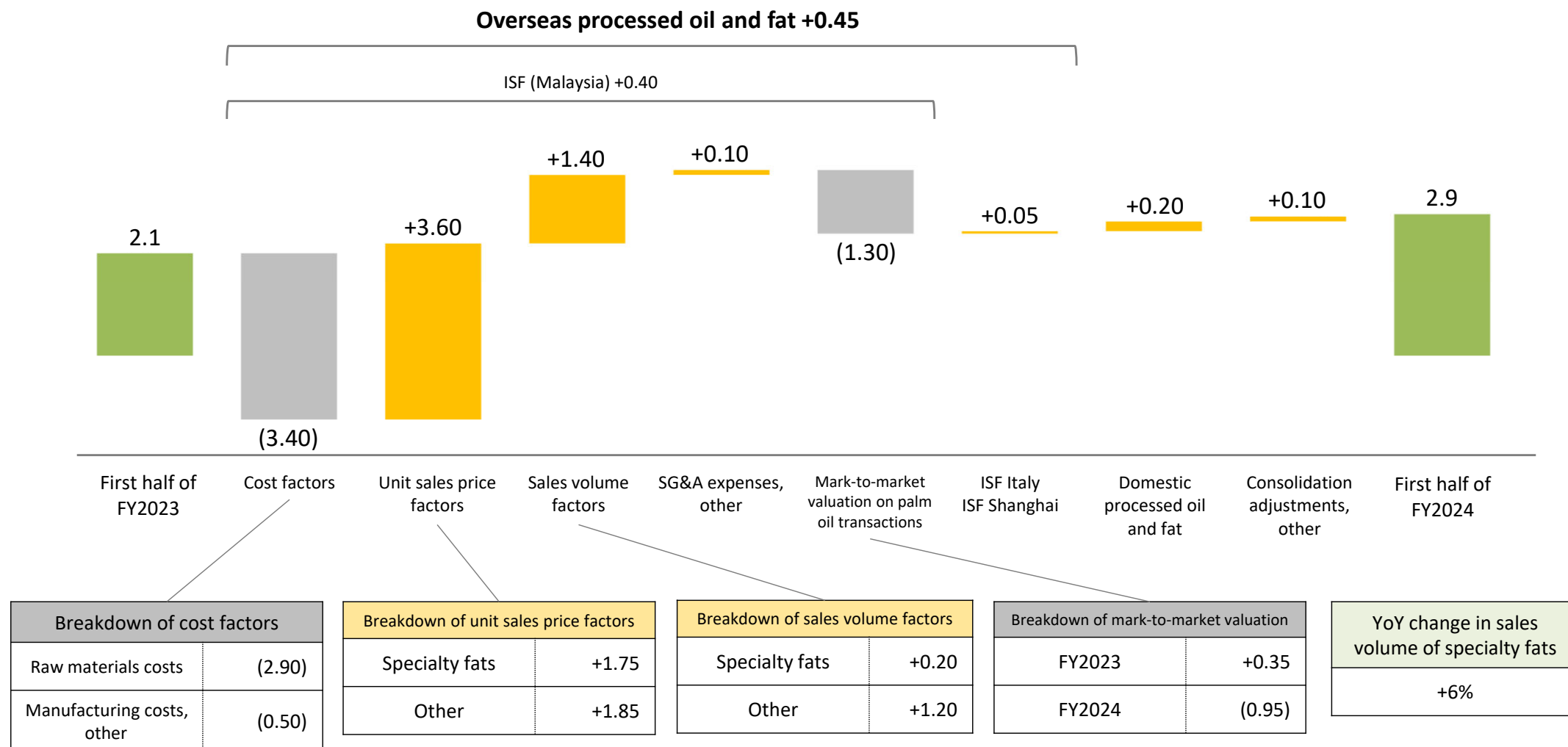
YoY change in sales volume	
Commercial-use and processing-use	+3.0%
Household-use	(8.1)%

Change in Operating Profit by Business Segment for First Half of FY2024

(Billion yen)

■ Processed Oil and Fat

- Operating profit increased year on year due to higher sales prices and increased sales volumes, despite higher costs for raw materials and effects from mark-to-market valuation on palm oil transactions.

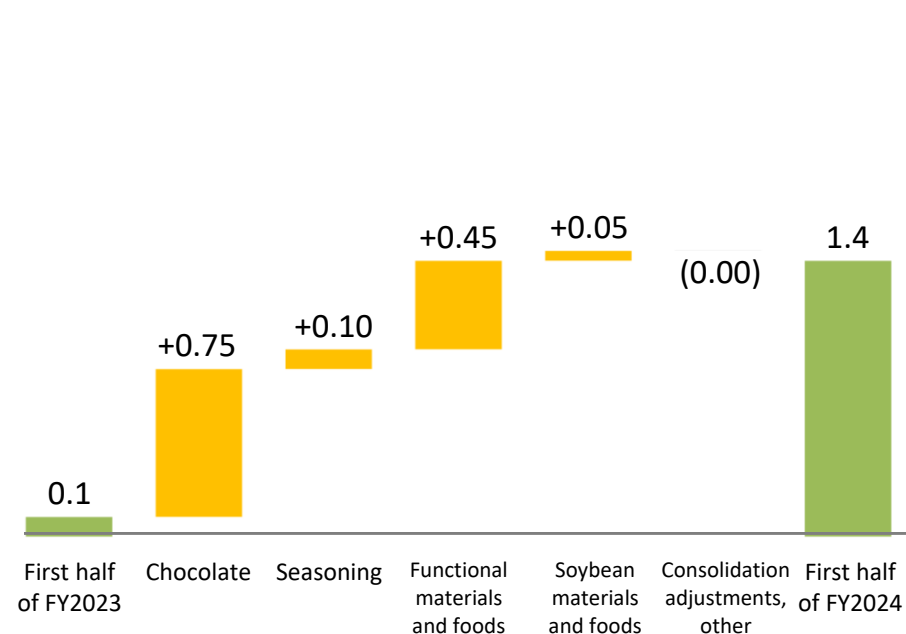


Change in Operating Profit by Business Segment for First Half of FY2024

(Billion yen)

■ Processed Food and Materials

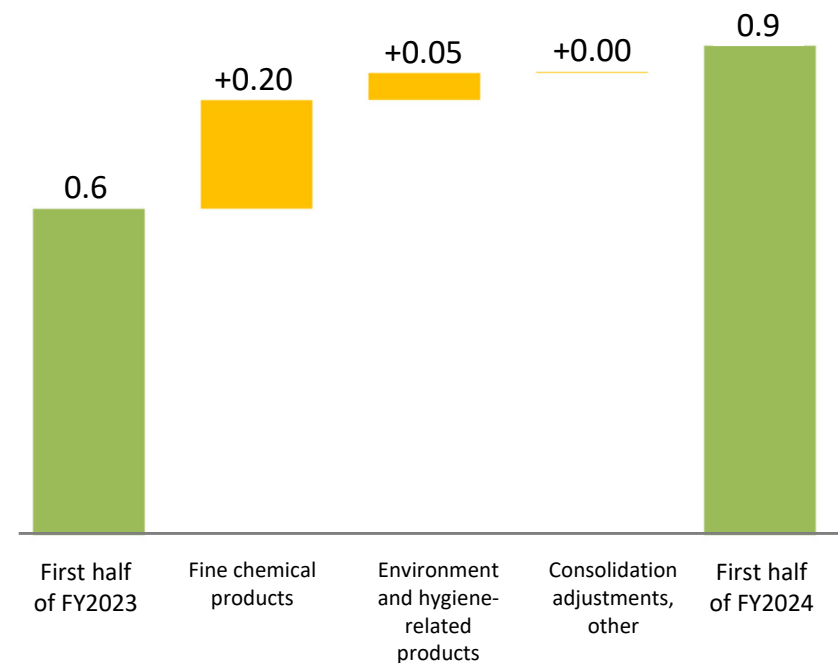
- Operating profit increased year on year due to the revised sales prices of chocolate products and sales of MCT products at appropriate prices, in addition to higher sales volumes.



MCT net sales
3.5 [(0.2) YoY]

■ Fine Chemical

- Operating profit increased year on year due to higher sales volumes of raw materials for cosmetics in Japan and abroad.



Raw materials for cosmetics net sales
5.8 [+1.2 YoY]

Consolidated Balance Sheets and Cash Flows

(Billion yen)

■ Consolidated Balance Sheets

Items	End of September 2024	End of March 2024	Change
Total assets	387.9	393.3	(5.4)
Current assets	228.1	232.7	(4.5)
Non-current assets	159.6	160.5	(0.8)
Total liabilities	193.9	200.8	(6.9)
Interest-bearing liabilities	96.8	96.9	(0.0)
Other liabilities	97.0	103.8	(6.8)
Total net assets	194.0	192.5	+1.4

Items	End of September 2024	End of March 2024
Equity ratio	47.5%	46.4%
Net D/E ratio	0.43	0.42

■ Consolidated Cash Flows

Items	First half of FY2024	First half of FY2023	Change
Operating cash flows	+7.9	+27.2	(19.2)
Profit before income taxes	+11.4	+11.9	(0.4)
Decrease (increase) in working capital	+2.9	+12.2	(9.3)
Others	(6.4)	+3.0	(9.4)
Investing cash flows	(3.9)	(6.7)	+2.8
Financing cash flows	(4.4)	(16.0)	+11.6

Amounts of less than 0.1 billion yen are rounded down.



Full-Year Earnings Forecast for FY2024

Full-Year Earnings Forecast for FY2024

(Billion yen)

	FY2024 forecast	FY2023 results	YoY change	
			Amount	Percentage
Net sales	535.0	513.5	+21.4	104.2%
Operating profit	21.0	20.8	+0.1	100.8%
Operating profit margin	3.9%	4.1%	—	—
Ordinary profit	20.0	20.0	(0.0)	99.8%
Profit attributable to owners of parent	14.5	15.1	(0.6)	95.7%

Amounts of less than 0.1 billion yen are rounded down.

FY2024 Full-Year Forecast by Business Segment (Net Sales and Operating Profit)

(Billion yen)

	FY2024 forecast	FY2023 results	YoY change		FY2024 initial forecast
			Amount	Percentage	
Net sales	535.0	513.5	+21.4	104.2%	535.0
Oil and Fat	436.5	421.9	+14.5	103.4%	435.5
Oil and Meal	306.5	317.9	(11.4)	96.4%	311.0
Processed Oil and Fat	130.0	103.9	+26.0	125.0%	124.5
Processed Food and Materials	75.0	70.1	+4.8	106.9%	77.0
Fine Chemical	21.0	18.8	+2.1	111.2%	20.0
Other/Adjustments	2.5	2.5	(0.0)	97.9%	2.5
Operating profit	21.0	20.8	+0.1	100.8%	21.0
Oil and Fat	17.7	18.9	(1.2)	93.2%	17.5
Oil and Meal	10.9	14.4	(3.5)	75.3%	11.2
Processed Oil and Fat	6.8	4.5	+2.2	151.0%	6.2
Processed Food and Materials	2.2	0.9	+1.2	222.1%	2.7
Fine Chemical	1.6	1.2	+0.3	132.4%	1.1
Other/Adjustments	(0.5)	(0.3)	(0.1)	—	(0.3)

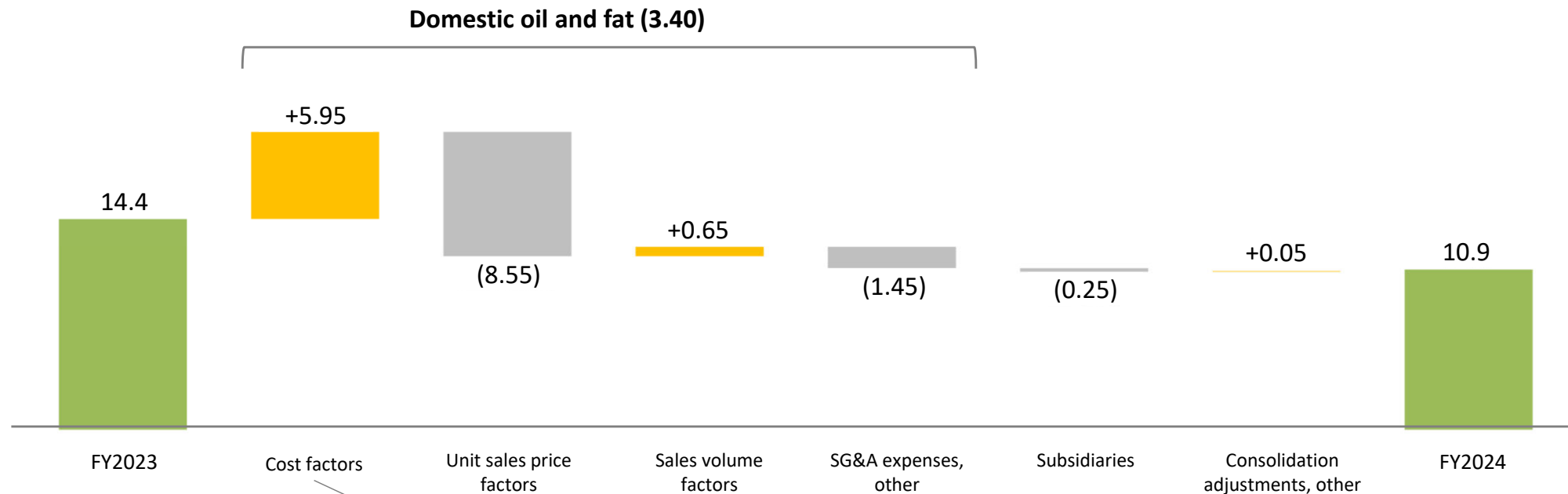
Amounts of less than 0.1 billion yen are rounded down.

Change in Operating Profit by Business Segment for FY2024 (Full Year)

(Billion yen)

Oil and Meal

- Operating profit is expected to decrease year on year due to lower unit sales prices, effects from higher costs for olive oil, and higher logistics costs, despite lower costs for raw materials and higher sales volumes.



Breakdown of cost factors	
Soybean	+3.90 [C&F +17.05, foreign exchange (5.25), meal sales (7.90)]
Rapeseed	+4.85 [C&F +13.60, foreign exchange (4.20), meal sales (4.55)]
Other products & manufacturing costs	(2.80) [costs for olive oil (3.80), inventory taking, yield rate, etc. +1.00]

Breakdown of unit sales price factors	
Commercial-use and processing-use	(9.10)
Household-use	+0.55

Breakdown of sales volume factors	
Commercial-use and processing-use	+0.80
Household-use	(0.15)

YoY change in sales volume	
Commercial-use and processing-use	+3.2%
Household-use	(4.6)%

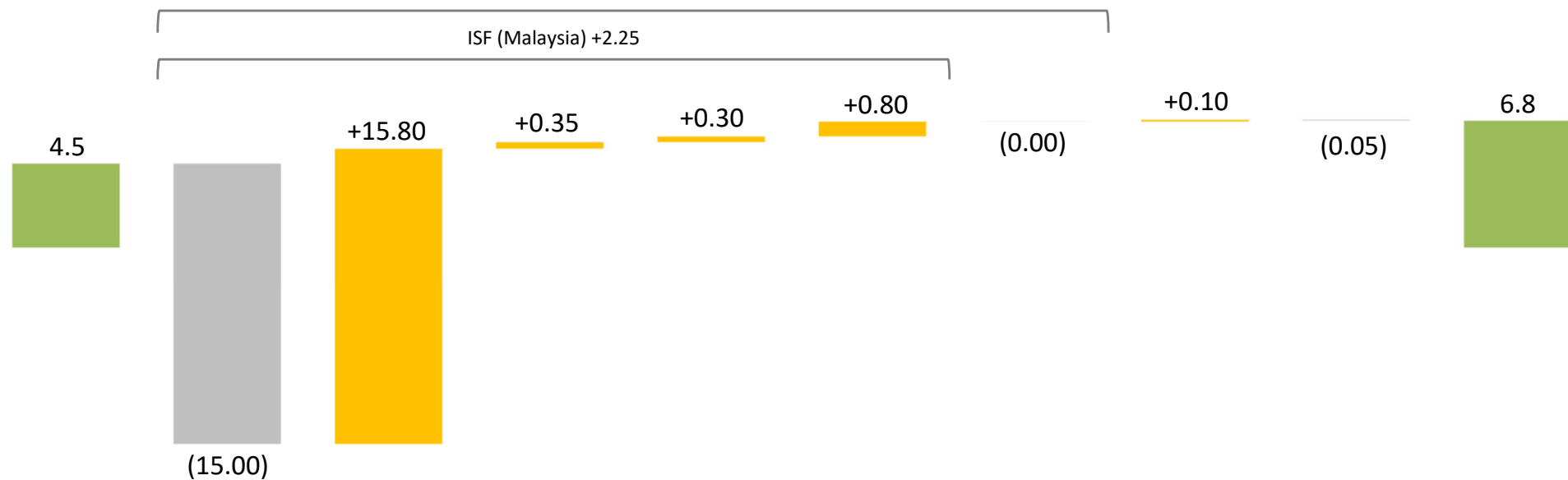
Change in Operating Profit by Business Segment for FY2024 (Full Year)

(Billion yen)

■ Processed Oil and Fat

- Operating profit is expected to increase year on year due to an increase in gross profit per unit and higher sales volumes at ISF as well as effects from mark-to-market valuation on palm oil transactions.

Overseas processed oil and fat +2.25



FY2023

Cost factors

Unit sales price factors

Sales volume factors

SG&A expenses, other

Mark-to-market valuation on palm oil transactions

ISF Italy ISF Shanghai

Domestic processed oil and fat

Consolidation adjustments, other

FY2024

Breakdown of cost factors

Raw materials costs	(14.40)
Manufacturing costs, other	(0.60)

Breakdown of unit sales price factors

Specialty fats	+6.05
Other	+9.75

Breakdown of sales volume factors

Specialty fats	+0.10
Other	+0.25

Breakdown of mark-to-market valuation

FY2023	(0.80)
FY2024	–

YoY change in sales volume of specialty fats

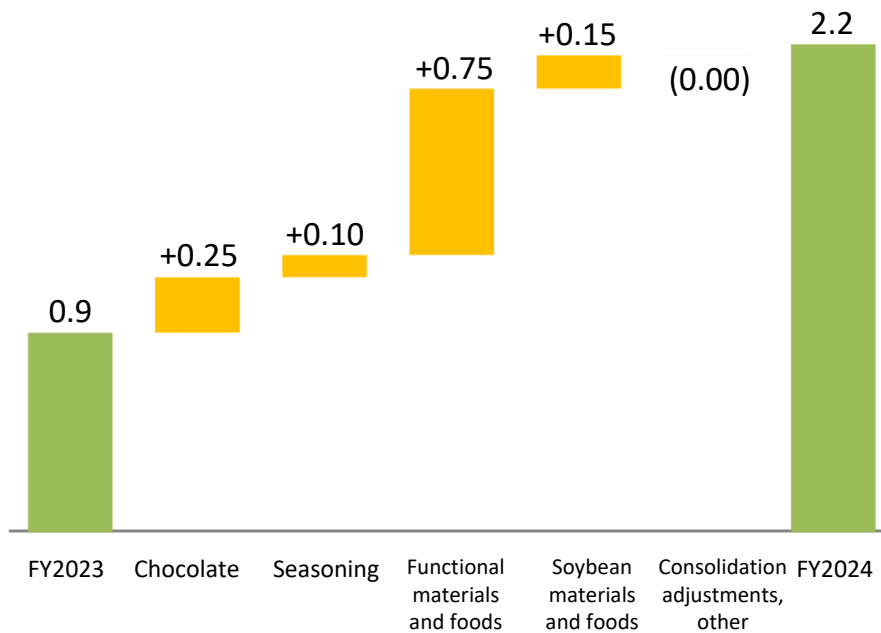
+4%

Change in Operating Profit by Business Segment for FY2024 (Full Year)

(Billion yen)

■ Processed Food and Materials

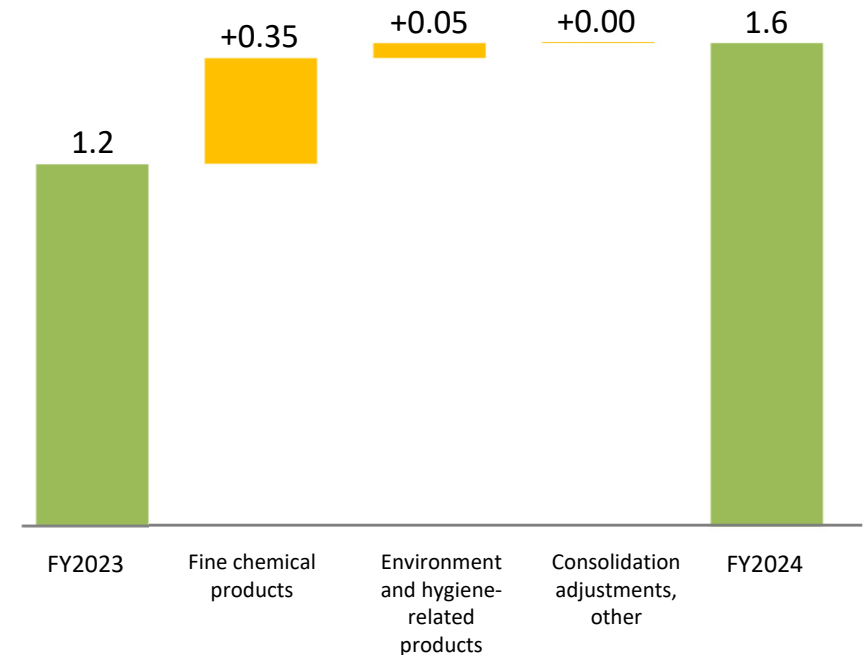
- Operating profit is expected to increase year on year due mainly to sales of MCT products at appropriate prices.



MCT net sales
7.3 (+0.1 YoY)

■ Fine Chemical

- Operating profit is expected to increase year on year due to higher sales volumes of raw materials for cosmetics and sales of products at appropriate prices.



Raw materials for cosmetics net sales
11.7 (+1.9 YoY)



Progress of the Medium-term Management Plan

Status of Management Indicators

■ Changes in management indicators during the period of the Medium-term Management Plan *Value Up+*

	Unit	FY2021 results	FY2022 results	FY2023 results	FY2024 targets	FY2030 targets
Net sales	Billion yen	432.7	556.5	513.5	535.0	–
Operating profit	Billion yen	11.6	16.1	20.8	21.0	–
ROE	%	5.7	7.0	8.8	8.0 or higher	10.0
Cumulative operating cash flows	Billion yen	(26.6)	(26.2)	10.4	48.0	–
ROIC	%	4.1	4.5	5.1	5.0 or higher	7.0

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): $(\text{Operating profit after tax} + \text{Equity in earnings of affiliates}) / ((\text{Invested capital at beginning of term} + \text{Invested capital at end of term}) / 2)$

- Results for the first half of FY2024 were in line with our plan.

Domestic Household Use

FY2024 targets

- Form a 50-billion-yen market for “pour and enjoy” fresh oil (up by 30% versus FY2019)
- Implement structural reforms in cooking oil products (increase composition ratio of functional products, healthy oils, and other strategic products to 60%)
- Increase the number of people provided with lipid health information: 130 million (cumulative over 4 years)

Status of FY2024 1H

- Sales expansion of value-added oils¹:
Net sales: Up 18% year on year
¹ Olive oil, sesame oil, and supplemental oils in the value-added category
- Strategic products composition ratio²: 58%
² Functional products, healthy oils, etc. in the cooking oil category (excluding value-added oils)
- Number of people provided with lipid health information: 120 million (cumulative from FY2021)

Market environment

- Awareness of defensive spending and the need to defend daily livelihoods was growing due to the increased burden on households caused by rising food and energy costs
- The market for edible oils for household use expanded in terms of value, whereas the market for cooking oil products was on a shrinking trend in terms of volume

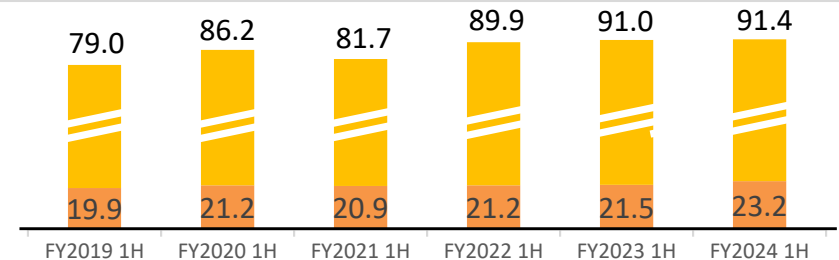
Status of 1H efforts

- Stably supplied olive oil products after the historic underproduction and set their appropriate prices
- Announced the revised prices of cooking oil products from October onward and promoted efforts toward ensuring the revised prices prevail over the market
- Captured demand in the flaxseed oil market, which has expanded significantly thanks to health information provided by media

Agenda and efforts in 2H and beyond

- Recover the sales volumes of olive oil products by leveraging our mainstay brand *BOSCO* and olive-blended oil
- Ensure the revised prices of cooking oil products prevail over the market and recover their sales volumes
- Put more effort into promoting *Healthy Clear*, an anti-oxidation oil that does not go rancid, and boost its exposure in stores
- Continuously implement mechanisms to firmly establish the expanding flaxseed oil market

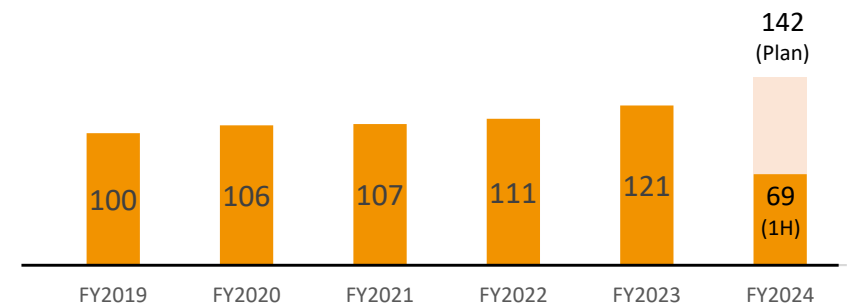
Size of market for edible oils for household use (Billion yen)



Compiled based on SCI from Intage Inc.

“Pour and enjoy” fresh oil

Change in net sales of value-added oils for household use (Olive oil, sesame oil, and supplemental oils in the value-added category)



Indexed using FY2019 as 100

Growth **BtoB** **Domestic Commercial Use, Food Processing, Processed Oil and Fat**

FY2024 target

- Growth rate of the Group’s customer support solutions: Up by 30% (versus FY2019)

Status of FY2024 1H

- Progress rate against FY2024 target: 50%

Market environment

- The eating-out market gradually recovered due to the recovery of domestic people flows and significantly growing inbound demand. The ready-to-eat market remained firm centered on prepared foods sold at mass merchandisers although earnings recovery varies depending on business categories
- The restaurant industry was significantly affected by a labor shortage and soaring energy costs
- The “2024 problem”* was becoming apparent, particularly in the distribution of bulk goods
* Logistics service disruptions reflecting a truck driver shortage due to new overtime regulations started in April

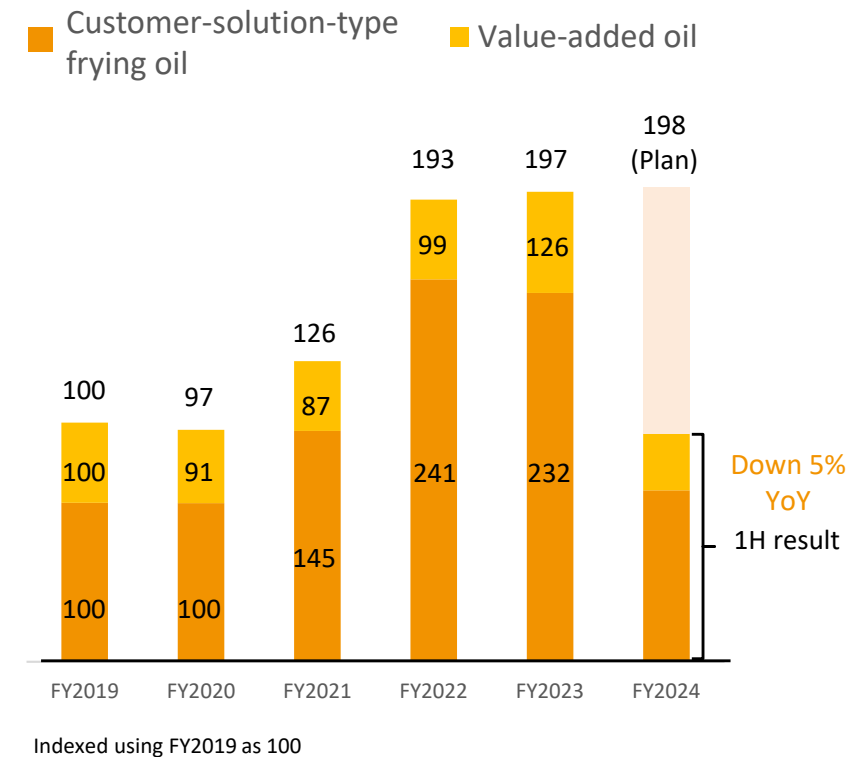
Status of 1H efforts

- Announced the revised prices of products from October onward and promoted efforts toward ensuring the revised prices prevail over the market
- Had strong sales of solution-based products, such as oils contained in pillow-shaped bags and long-lasting frying oils
- Actively made a proposition of functional oils and fats to respond to each user’s specific issues

Agenda and efforts in 2H and beyond

- Maintain and establish appropriate margins by ensuring the revised prices of products prevail over the market
- Continue to offer solution proposals based on user issues identified, such as a labor shortage and soaring raw material costs
- Cultivate latent demand by demonstrating our user support and customer support functions
- Promote efforts to increase awareness of our functions through the use of our Help Site for Commercial Use, thereby bringing results

Change in net sales of customer-solution-type frying oil and value-added oil for commercial use



Growth

BtoB

Oils and Fats for Chocolate

FY2024 target

- Expand sales volume of oils and fats for chocolate: Up by 11% (versus FY2019)

Status of FY2024 1H

- Progress rate against FY2024 target: 46%

Market environment

- Strong demand for oils and fats for chocolate as a substitute due to the high price of cacao butter
- The palm oil market remained firm
- Rising logistics and utility costs

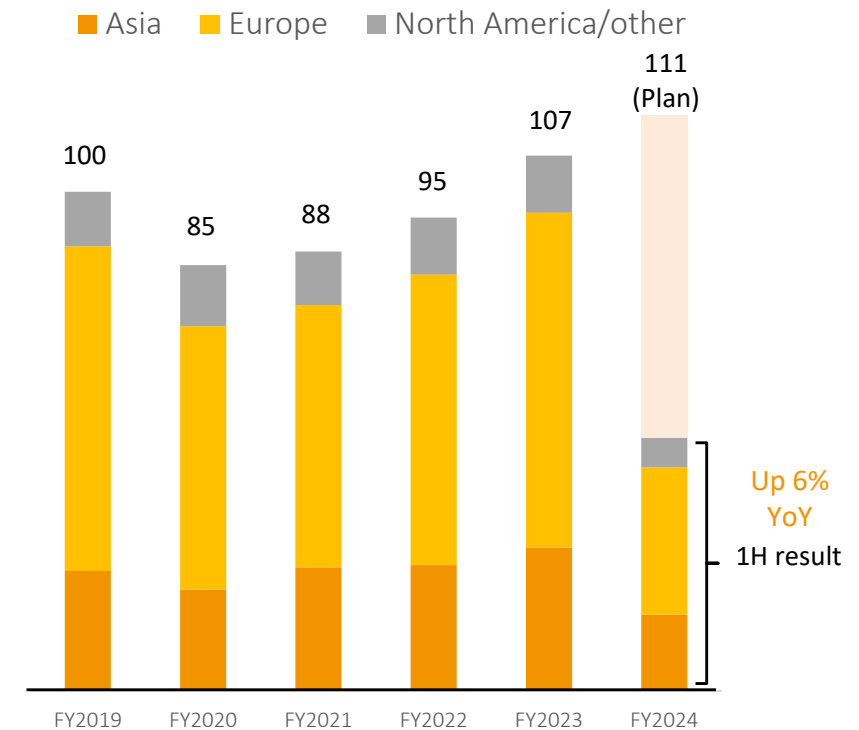
Status of 1H efforts

- Promoted efforts aimed at expanding transactions that would contribute to enhancing and maintaining our position as a first supplier to existing customers (proposal activities for supplying new products)
- Construction of facilities to increase production of oils and fats for chocolate at ISF (Malaysia) progressed smoothly
- Expanded sales channels for oils and fats for chocolate at ISF (Shanghai)

Agenda and efforts in 2H and beyond

- Expand sales of oils and fats for chocolate in response to irreversible market changes caused by soaring cacao raw material prices and realize maximum return on investment
- Strengthen the global supply chain through strategic initiatives with European customers
- Execute a production base strategy as a foundation for further growth in the European and U.S. markets
- Expand sales of value-added products in China and ASEAN markets by broadening product lineups and strengthening technical support systems

Oils and fats for chocolate: Sales volume by area



Indexed using FY2019 as 100

Growth

BtoB

Cosmetics Oils

FY2024 target

- Growth rate of beauty-enhancing products*: Up by 50% (versus FY2019)
- * Including the cosmetics raw materials and hygiene management businesses

Status of FY2024 1H

Cosmetics oils

- Progress rate against FY2024 plan: 51%

Market environment

- The growth of the cosmetics market in China slowed down, but sales of cosmetics for e-commerce were strong
- Domestic demand for cosmetics continued to recover from the impact of COVID-19
- Fabless brands in Japan and overseas expanded

Status of 1H efforts

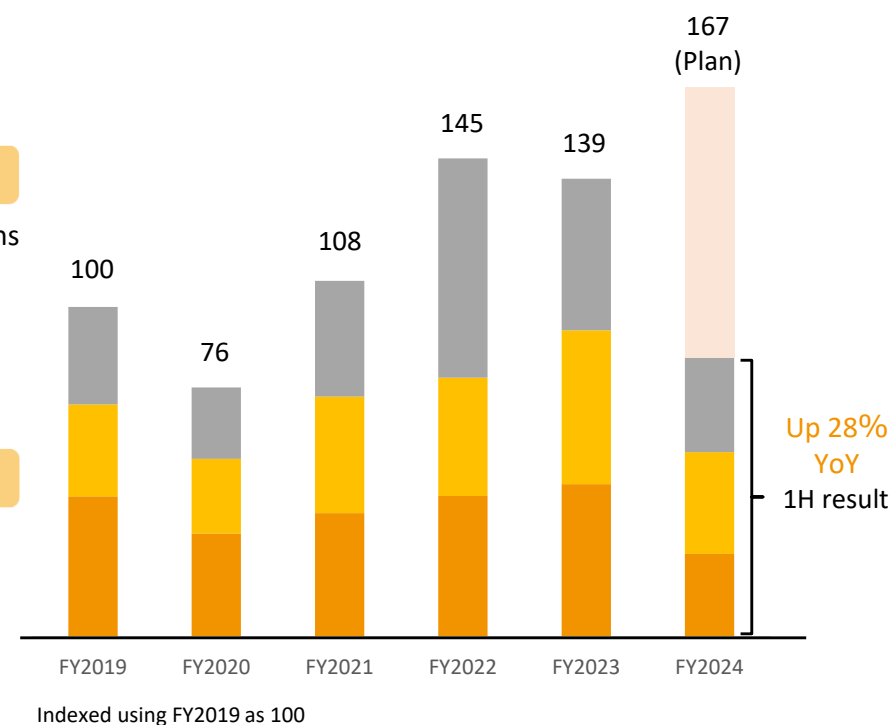
- In China, focused on holding seminars and exhibitions in Shanghai and Guangzhou, proposing solutions using our technical support center, and retaining customers
- Domestic sales of high-value-added products for makeup were strong
- Sales of products for skin and hair care were strong

Agenda and efforts in 2H and beyond

- Expand sales to existing customers through technical collaboration between the technical centers in Japan and Shanghai
- Aim to expand our business by not only linking it to market growth, but also by expanding sales of highly profitable products
- As demand for our main products for makeup is expanding significantly overseas, increase production capacity and strengthen sales

Cosmetics oils: Net sales by area

■ Japan ■ Asia ■ North America, Europe/other



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

FY2024 target

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

Status of FY2024 1H

- Progress rate against FY2024 plan: 50%

Market environment

- The MCT market in household-use edible oils continued to grow (market size: approx. 3.4 billion yen)
- MCT recognition remained high (approx. 58% in Sept. 24, Company research)

Status of 1H efforts

- Renewed *Nisshin MCT Oil HC*, a food with functional claims, as a product with two functional claims: “reducing body fat and waist size” and “facilitating ‘fat burning’ in daily activities”
- Registered and published a new functional claim: “maintaining¹ leg muscle strength²”
 - ¹ in combination with exercise
 - ² which declines with age in middle-aged and older adults
- Expanded sales of wellness foods for hospital use through collaboration between inbound and outbound sales
- Expanded sales of small-amount-but-high-energy foods that solve the problem of low nutrition

Agenda and efforts in 2H and beyond

- Expand demand for MCT oil with the hook of promoting body-fat-burning metabolism, in addition to cosmetic slimming
- Strengthen solution proposals for hospital use by leveraging medical support sites, etc.
- Stimulate demand and promote purchases in the home-care market for small-amount-but-high-energy products by leveraging the channels of major e-commerce sales destinations (mail order sites)
- Establish a market development story to target potential demand in the frailty market

Nisshin MCT Oil's New Commercial “Fat Burning”



Nisshin MCT Oil's new commercial “Fat Burning” airs nationwide

Promoting as a product with two functional claims: “reducing body fat and waist size” and “facilitating ‘fat burning’ in daily activities”

Sustainability Global Environment/Supply Chain Connected by Trust

Efforts for FY2030

Environment

- Reduction of GHG emissions
Scopes 1 and 2: -50% (versus FY2016)

Supply chain

- Roll out viable initiatives to achieve and maintain 100% traceability back to palm plantations
- Establish a foundation and systems to prevent human rights violations in supply chains

FY2024 plan and efforts

Environment

- Scopes 1 and 2: -20% (versus FY2016)

Supply chain

- Promote sustainable procurement and respect for human rights

Status of 1H efforts

Environment

- Along with the decarbonization roadmap, reduced GHG emissions by implementing measures such as procurement of green electricity
- Tried the LEAP approach¹ proposed by the TNFD² to identify and assess nature-related issues (dependencies, impacts, risks, and opportunities) and comprehensively disclosed our efforts to address nature-related issues based on the TNFD Recommendations.

¹ LEAP approach: Practical guidance published by the TNFD to help companies identify their interfaces with nature, dependencies/impacts, and risks/opportunities

² TNFD: An international initiative with a mission to develop and provide a risk management and disclosure framework to help companies understand nature-related risks and opportunities and take action to conserve and restore biodiversity

- Promoted initiatives based on the action plan for the sustainable procurement of soybeans and cacao
- Promoted initiatives to encourage the players in the supply chain to reduce Scope 3 emissions by 25% by FY2030 (compared to FY2020, initiatives started with categories 1 and 4)

Supply chain

- Selected suppliers for the implementation of human rights due diligence through self-assessment questionnaires (SAQs), and began discussions with the relevant departments on how to proceed

Topics

[Measures to address plastic issues]

- *Nisshin Healthy Clear* 800g, which uses about 39% less plastic in its packaging than our 900g PET bottles, won the Food Packaging Award at the Japan Packaging Contest 2024
- Started collaborating with Kewpie Corporation to promote the recycling of used PET bottles with residual oil

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"The Natural Power of Plants"

