

The Nisshin Oillio Group, Ltd.

Third Quarter of FY2023

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1. Summary of Financial Results

1-1. Summary for Third Quarter FY2023

(Million yen)

	Third Quarter FY2023	Third Quarter FY2022	YoY	
			Change	Change
Net sales	390,542	425,092	(34,550)	(8.1)%
Overseas net sales	20.8%	23.5%	—	(2.7)pts
Operating profit	19,457	14,701	+4,756	+32.4%
Operating profit to net sales	5.0%	3.5%	—	+1.5 pts
Ordinary profit	18,711	14,755	+3,956	+26.8%
Profit attributable to owners of parent	13,834	10,972	+2,861	+26.1%

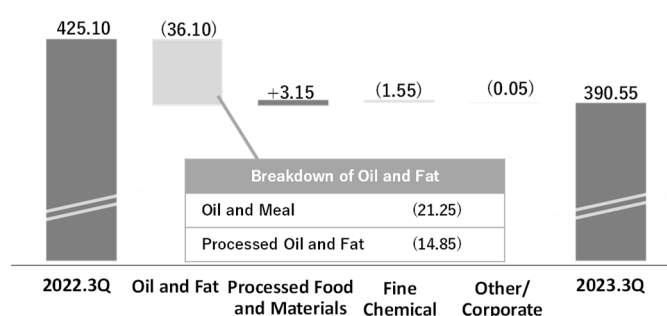
1-2. Results by Business Segment

(Million yen)

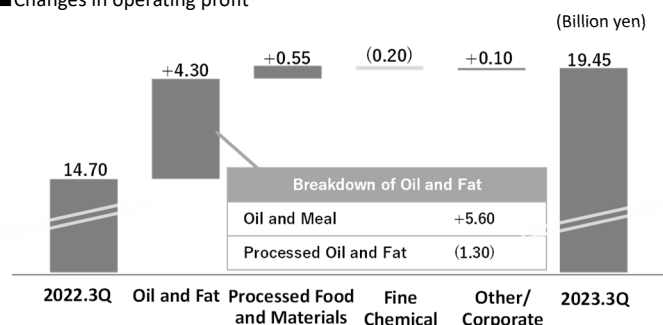
	Third Quarter FY2023	Third Quarter FY2022	YoY	
			Change	Change (%)
Net sales	390,542	425,092	(34,550)	(8.1)
Oil and Fat	323,155	359,275	(36,119)	(10.1)
Oil and Meal	245,113	266,390	(21,277)	(8.0)
Processed Oil and Fat	78,042	92,884	(14,841)	(16.0)
Processed Food and Materials	51,252	48,107	+3,144	+6.5
Fine Chemical	14,197	15,743	(1,546)	(9.8)
Other/Adjustments	1,936	1,965	(29)	(1.5)
Operating profit	19,457	14,701	+4,756	+32.4
Oil and Fat	17,675	13,350	+4,324	+32.4
Oil and Meal	13,575	7,969	+5,605	+70.3
Processed Oil and Fat	4,099	5,380	(1,281)	(23.8)
Processed Food and Materials	1,002	460	+541	+117.6
Fine Chemical	1,045	1,252	(206)	(16.5)
Other/Adjustments	(265)	(362)	+96	—

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

■ Changes in net sales



■ Changes in operating profit



< Factors impacting net sales >

■ Oil and Fat

- Decrease in sales volume of meal in conjunction with decrease in the crushing volume (↓)
- Decrease in unit sales prices of main products for commercial-use and household-use (↓)
- Increase in unit sales prices of value-added products for household-use (↑)
- Decrease in unit sales prices of overseas processed oil and fat in conjunction with falling market prices for palm oil (↓)

■ Processed Food and Materials

- Increase in sales volume and unit sales prices of chocolate products (↑)
- Increase in unit sales prices of MCT products and soybean-related products (↑)

■ Fine Chemical

- Decrease in sales volume and unit sales prices at European subsidiary (↓)
- Increase in sales volume and unit sales prices of raw materials for cosmetics in Japan (↑)
- Decrease in sales volume of hygiene-related products (↓)

< Factors impacting operating profit >

■ Oil and Fat

- Sales of domestic oil and fat at appropriate prices (↑)
- Increase in sales volume and higher gross profit per unit of domestic processed oil and fat (↑)
- Decrease in gross profit per unit of overseas processed oil and fat (↓)
- Decrease in earnings on mark-to-market valuation of palm oil transactions (↓)

■ Processed Food and Materials

- Increase in sales volume and improved gross profit per unit of chocolate products (↑)
- Increase in unit sales prices of MCT products and soybean-related products (↑)
- Increase in costs of sales for seasonings, MCT products, and soybean-related products (↓)

■ Fine Chemical

- Decrease in sales volume and unit sales prices at European subsidiary (↓)
- Increase in sales volume and unit sales prices of raw materials for cosmetics in Japan (↑)
- Decrease in sales volume and increase in raw material costs for 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	151,001	(6,681)	+5,740	<ul style="list-style-type: none"> Net sales decreased due to lower unit sales prices for main domestic oil and fat products and a decline in sales volume of household-use products and meal. Amid declining oil and fat costs for main domestic oil and fat products, continued sales at appropriate prices resulted in an increase in profits.
Commercial-use and processing-use	94,474	(5,207)		
Household-use	56,527	(1,474)		
Meal	70,517	(12,602)		
Subsidiaries	59,740	(2,979)	(117)	
Consolidation adjustment and others	(36,146)	+986	(17)	
Oil and meal total	245,113	(21,277)	+5,605	

Supplement: Value-added products in domestic oil and fat

Net sales composition ratio	YoY change in net sales
19%	+1,509

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

(Billion yen)

	Changes	Main Factors
Sales volume factors	(0.45)	Commercial-use and processing-use [+0.00], household-use [(0.45)]
Unit sales price factors	(4.20)	Commercial-use and processing-use [(5.20)], household-use [+1.00]
Cost factors	+11.70	
Soybean	+3.00	C&F [+8.35], foreign exchange [(5.70)], meal sales [+0.35]
Rapeseed	+18.35	C&F [+23.65], foreign exchange [(5.25)], meal sales [(0.05)]
Other products & manufacturing costs	(9.65)	Effects from inventory and other factors
SG&A expenses and others	(1.30)	
Total	+5.75	

Processed Oil and Fat (Included in Oil and Fat)

(Million yen; Changes: YoY)

	Net Sales		Changes in Operating Profit	Remarks
	Results	Changes		
Overseas processed oil and fat	82,445	(16,102)	(2,457)	<ul style="list-style-type: none"> Net sales decreased due to lower unit sales prices in conjunction with a decline in palm oil market prices. Profits decreased due to lower gross profit per unit and a decline in mark-to-market valuation of palm oil transactions (as of Dec. 31, 2023: +0.20 billion yen; as of Dec. 31, 2022: +1.50 billion yen).
Europe	35,588	(6,868)		
Asia	41,042	(8,247)		
Other regions	5,814	(986)		
Domestic processed oil and fat	11,144	+1,115	+1,140	Net sales and profits increased due to higher sales volume and sales at appropriate prices.
Consolidation adjustment and others	(15,547)	+144	+35	
Processed oil and fat total	78,042	(14,841)	(1,281)	

Supplement: Percentage change in sales volume of overseas processed oil and fat

	YoY changes
Overseas processed oil and fat	+5%
Europe	(2)%
Asia	+11%
Other regions	(8)%

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

Sales composition ratio	Change in sales volume YoY
41%	+11%

Supplement: Breakdown of Changes in Operating Profit in ISF (Malaysia)

(Billion yen)

	Changes	Main Factors
Sales volume factors	+1.30	Specialty fats [+0.45], other products [+0.85]
Unit sales price factors	(24.05)	Specialty fats [(5.70)], other products [(18.35)]
Cost factors	+21.30	
Raw material costs	+21.40	
Manufacturing costs and others	(0.10)	
SG&A expenses and others	+0.00	
Mark-to-market valuation of palm oil transactions	(1.30)	As of Dec. 31, 2023: +0.20 billion yen; as of Dec. 31, 2022: +1.50 billion yen
Total	(2.75)	

Processed Food and Materials

(Million yen; Changes: YoY)

	Net Sales		Changes in Operating Profit	Remarks
	Results	Changes		
Chocolate	27,232	+1,838	+838	Net sales and profits increased due to higher sales volume and an increase in gross profit per unit.
Seasoning	3,708	+284	(72)	Net sales increased due to higher sales volume, but profits declined due to increase in cost of sales and SG&A expenses.
Functional materials and foods	7,077	+1,095	(317)	Net sales increased due to higher MCT unit sales prices, but profits declined due to higher raw material costs and increase in SG&A expenses.
MCT	5,552	+942		
Soybean materials and foods	16,400	+157	+99	Net sales and profits increased as a result of higher unit sales prices accompanying higher raw materials costs.
Consolidation adjustment and others	(3,164)	(230)	(6)	
Processed food and materials total	51,252	+3,144	+541	

Fine Chemical

(Million yen; Changes: YoY)

	Net Sales		Changes in Operating Profit	Remarks
	Results	Changes		
Fine chemical products	11,488	(1,336)	(115)	Net sales and profits decreased due to lower sales volume and unit sales prices at European subsidiary.
Environment and hygiene-related products	4,923	(567)	(106)	Net sales and profits decreased due to lower sales volumes and higher raw materials costs.
Consolidation adjustment and others	(2,214)	+357	+14	
Fine chemical total	14,197	(1,546)	(206)	

Supplement: Raw materials for cosmetics

Net Sales	YoY change
7,114	(584)

Note: Sales of raw materials for cosmetics are figures after consolidation adjustment.

Key exchange rates (Average rate during period)

	JPY/USD	JPY/EUR	JPY/MYR	JPY/CNY	JPY/IDR
Third Quarter FY2022	136.49	140.60	30.56	19.88	0.0091
Third Quarter FY2023	143.33	155.32	31.05	19.98	0.0094

2. Earnings Forecast for FY2023

2-1. Earnings Forecast

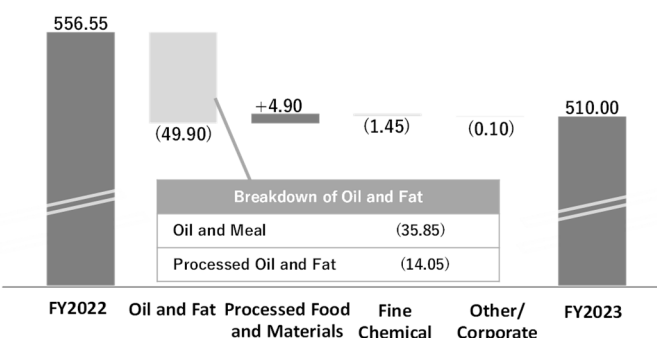
	(Million yen)						
	FY2023 Revised Forecast (1)	FY2022 Results (2)	YoY		FY2023 Previous Forecast as of Nov. 2023 (3)	Comparison with previous forecast	
			Change (1) - (2)	Change (%)		Change (1) - (3)	Change (%)
Net sales	510,000	556,565	(46,565)	(8.4)	510,000	-	-
Operating profit	20,500	16,186	+4,313	+26.7	18,000	+2,500	+13.9
Ordinary profit	19,500	16,242	+3,257	+20.1	17,500	+2,000	+11.4
Profit attributable to owners of parent	13,500	11,157	+2,342	+21.0	12,500	+1,000	+8.0

2-2. Forecast by Business Segment

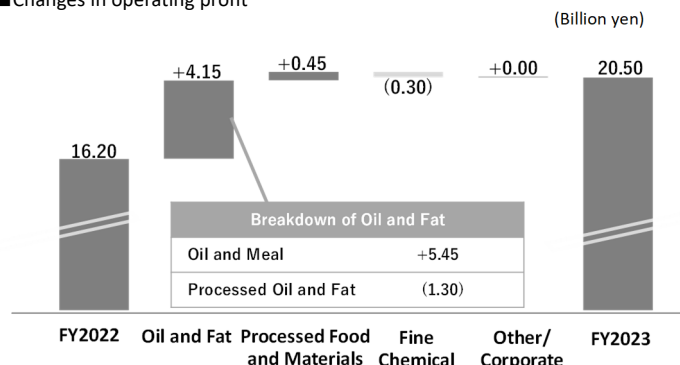
	(Million yen)						
	FY2023 Revised Forecast (1)	FY2022 Results (2)	YoY		FY2023 Previous Forecast as of Nov. 2023 (3)	Comparison with previous forecast	
			Change (1) - (2)	Change (%)		Change (1) - (3)	Change (%)
Net sales	510,000	556,565	(46,565)	(8.4)	510,000	-	-
Oil and Fat	418,500	468,379	(49,879)	(10.6)	418,000	+500	+0.1
Oil and Meal	314,500	350,356	(35,856)	(10.2)	309,500	+5,000	+1.6
Processed Oil and Fat	104,000	118,023	(14,023)	(11.9)	108,500	(4,500)	(4.1)
Processed Food and Materials	70,000	65,103	+4,896	+7.5	70,500	(500)	(0.7)
Fine Chemical	19,000	20,462	(1,462)	(7.1)	19,000	-	-
Other/Adjustments	2,500	2,619	(119)	(4.6)	2,500	-	-
Operating profit	20,500	16,186	+4,313	+26.7	18,000	+2,500	+13.9
Oil and Fat	18,750	14,625	+4,124	+28.2	16,600	+2,150	+13.0
Oil and Meal	14,550	9,097	+5,452	+59.9	12,950	+1,600	+12.4
Processed Oil and Fat	4,200	5,528	(1,328)	(24.0)	3,650	+550	+15.1
Processed Food and Materials	1,000	533	+466	+87.4	850	+150	+17.6
Fine Chemical	1,100	1,385	(285)	(20.6)	950	+150	+15.8
Other/Adjustments	(350)	(358)	+8	-	(400)	+50	-

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

■ Changes in net sales



■ Changes in operating profit



< Factors impacting net sales >

- Oil and Fat
 - Decrease in unit sales prices of main domestic oil and fat (↓)
 - Decrease in sales volume of meal in conjunction with decrease in the crushing volume (↓)
 - Increase in unit sales prices of household-use products centered on value-added products (↑)
 - Decrease in unit sales prices of overseas processed oil and fat in conjunction with falling market prices for palm oil (↓)
- Processed Food and Materials
 - Increase in sales volume and unit sales prices of chocolate products (↑)
 - Increase in unit sales prices of MCT products and soybean-related products (↑)
- Fine Chemical
 - Decrease in sales volume and unit sales prices at European subsidiary (↓)
 - Increase in sales volume and higher unit sales prices of raw materials for cosmetics in Japan (↑)
 - Decrease in sales volume of hygiene-related products (↓)

< Factors impacting operating profit >

- Oil and Fat
 - Decrease in costs in conjunction with falling market prices for raw materials, and continued sales at appropriate prices (↑)
 - Increase in sales volume and higher gross profit per unit of domestic processed oil and fat (↑)
 - Decrease in gross profit per unit of overseas processed oil and fat (↓)
 - Decrease in earnings on mark-to-market valuation of palm oil transactions (↓)
- Processed Food and Materials
 - Increase in sales volume and gross profit per unit of chocolate products (↑)
 - Increase in unit sales prices of MCT products and soybean-related products (↑)
 - Increase in costs of sales for seasonings, MCT products, and soybean-related products (↓)
- Fine Chemical
 - Decrease in sales volume and unit sales prices at European subsidiary (↓)
 - Increase in sales volume and higher gross profit per unit of raw materials for cosmetics in Japan (↑)
 - Decrease in sales volume of hygiene-related products (↓)

2-4. Segment Information Details

Oil and Meal (Included in Oil and Fat)

(Million yen; Changes: YoY)

	Net Sales		Changes in Operating Profit	Remarks
	Forecast	Changes		
Domestic oil and fat	192,791	(14,746)	+5,526	<ul style="list-style-type: none"> Domestic oil and fat sales volume will be flat year on year, but net sales will decrease as a result of lower unit sales prices of main oil and fat products in conjunction with falling market prices for raw materials and lower meal sales volume. Amid declining oil and fat costs for main domestic oil and fat products, profits will increase due to ongoing sales at appropriate prices.
Commercial-use and processing-use	121,795	(11,087)		
Household-use	70,995	(3,658)		
Meal	95,306	(14,218)		
Subsidiaries	78,955	(3,325)	(95)	
Consolidation adjustment and others	(52,553)	(3,565)	+21	
Oil and meal total	314,500	(35,856)	+5,452	

Supplement: Value-added products in domestic oil and fat

Sales composition ratio	YoY change in net sales
18%	+1,521

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

(Billion yen)

	Changes	Main Factors
Sales volume factors	(0.60)	Commercial-use and processing-use [+0.05], household-use [(0.65)]
Unit sales price factors	(11.25)	Commercial-use and processing-use [(11.40)], household-use [+0.15]
Cost factors	+20.10	
Soybean	+6.30	C&F [+12.50], foreign exchange [(6.65)], meal sales [+0.45]
Rapeseed	+23.05	C&F [+29.70], foreign exchange [(6.15)], meal sales [(0.50)]
Other products & manufacturing costs	(9.25)	Effects from inventory, higher costs for olive oil and other oils, and other factors
SG&A expenses and others	(2.70)	
Total	+5.55	

Processed Oil and Fat (Included in Oil and Fat)

(Million yen; Changes: YoY)

	Net Sales		Changes in Operating Profit	Remarks
	Forecast	Changes		
Overseas processed oil and fat	111,390	(13,690)	(2,597)	<ul style="list-style-type: none"> Sales volumes will increase, particularly for oil and fat used for chocolate, but net sales will decline due to lower sales prices in conjunction with falling palm oil market prices. Profits will decline due to effects from mark-to-market valuation of palm oil transactions (FY2023: -0.95 billion yen; FY2022: +1.45 billion yen). Net sales and profits will increase due to higher sales volumes at appropriate prices.
Europe	48,470	(5,530)		
Asia	55,072	(7,486)		
Other regions	7,846	(673)		
Domestic processed oil and fat	14,835	+1,414		
Consolidation adjustment and others	(22,226)	(1,747)	(21)	
Processed oil and fat total	104,000	(14,023)	(1,328)	

Supplement: Percentage change in sales volume of overseas processed oil and fat segment

	YoY changes
Overseas processed oil and fat	+2%
Europe	(1)%
Asia	+5%
Other regions	(6)%

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

Sales composition ratio	YoY change in sales volume
42%	+9%

Supplement: Breakdown of Changes in Operating Profit in ISF (Malaysia)

(Billion yen)

	Changes	Main Factors
Sales volume factors	+0.60	Specialty fats [+0.25], other products [+0.35]
Unit sales price factors	(16.10)	Specialty fats [(8.40)], other products [(7.70)]
Cost factors	+14.85	
Raw material costs	+14.80	
Manufacturing costs and others	+0.05	
SG&A expenses and others	+0.20	
Mark-to-market valuation of palm oil transactions	(2.40)	FY2023: -0.95 billion yen; FY2022: +1.45 billion yen
Total	(2.85)	

Processed Food and Materials

(Million yen; Changes: YoY)

	Net Sales		Changes in Operating Profit	Remarks
	Forecast	Changes		
Chocolate	37,526	+3,107	+608	Net sales and profits will increase due to higher sales volumes and unit sales prices.
Seasoning	4,863	+343	(47)	Net sales will increase due to higher sales volumes, but profits will decline due to higher cost of sales and SG&A expenses .
Functional materials and foods	9,321	+1,336	(234)	Net sales will increase due to higher unit sales prices of MCT, but profits will decrease due to higher raw materials costs and increase in SG&A expenses.
MCT	7,268	+1,085		
Soybean materials and foods	22,532	+576	+151	Both net sales and profits will increase due to higher unit sales prices accompanying higher raw material costs.
Consolidation adjustment and others	(4,244)	(466)	(10)	
Processed food and materials total	70,000	+4,896	+466	

Fine Chemical

(Million yen; Changes: YoY)

	Net Sales		Changes in Operating Profit	Remarks
	Forecast	Changes		
Fine chemical products	15,244	(1,688)	(237)	Net sales and profits will decrease due to decreases in sales volume and unit sales prices at European subsidiary.
Environment and hygiene-related products	6,386	(550)	(42)	Net sales and profits will decrease due to lower sales volume of hygiene-related products.
Consolidation adjustment and others	(2,631)	+776	(5)	
Fine chemical total	19,000	(1,462)	(285)	

Supplement: Raw materials for cosmetics

Net Sales	YoY change
9,536	(721)

Note: Sales of raw materials for cosmetics are figures after consolidation adjustment.

Key exchange rates (Average rate during period)

	JPY/USD	JPY/EUR	JPY/MYR	JPY/CNY	JPY/IDR
FY2022	135.50	140.99	30.47	19.75	0.0090
FY2023	143.46	155.54	31.06	19.99	0.0094

3. Main Indicators

3-1. Performance Targets

	Unit	FY2021 Results	FY2022 Results	FY2023		
				Initial plan	Previous Forecast as of Nov. 2023	Revised Forecast
Net sales	Million yen	432,778	556,565	540,000	510,000	510,000
Operating profit	Million yen	11,670	16,186	16,000	18,000	20,500
ROE	%	5.7	7.0	7.0	7.6	8.1
ROIC	%	4.1	4.5	4.4	4.6	5.1

3-2. Balance Sheet Items

	Unit	FY2021 Results	FY2022 Results	FY2023		
				Initial plan	Previous Forecast as of Nov. 2023	Revised Forecast
Total assets	Million yen	344,506	374,453	375,000	370,000	380,000
Working capital	Million yen	128,156	154,547	145,000	140,000	145,000
Equity	Million yen	156,225	162,559	165,000	165,000	165,000
Interest-bearing debt	Million yen	93,566	105,814	95,000	90,000	100,000
Invested capital	Million yen	249,791	268,374	260,000	255,000	265,000
Equity ratio	%	45.3	43.4	44.0	44.8	44.0
Net D/E ratio	Times	0.54	0.57	0.51	0.45	0.48

Chicago Soybean Market



Source: Bloomberg

ICE Rapeseed Market



Source: Bloomberg

Crude Palm Oil Market



Source: Bloomberg

Exchange Rates (JPY/USD)



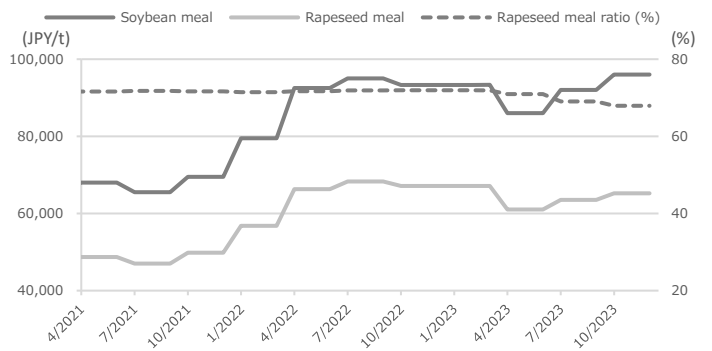
Source: Bloomberg

Meal Value Trends



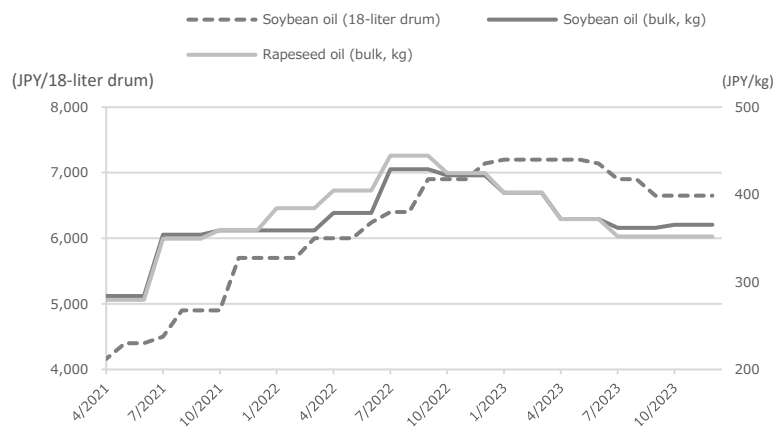
Source: Bloomberg

Average Market Price in the Meal Industry



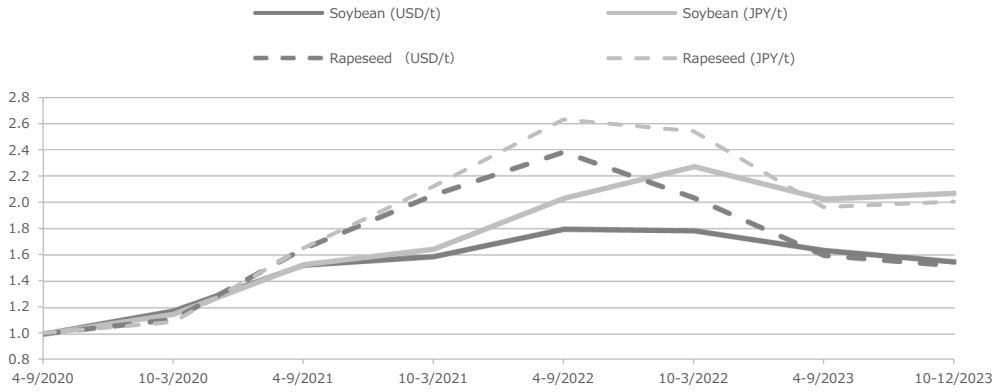
Source: Yushitokuho

Nikkei Market Price Trends

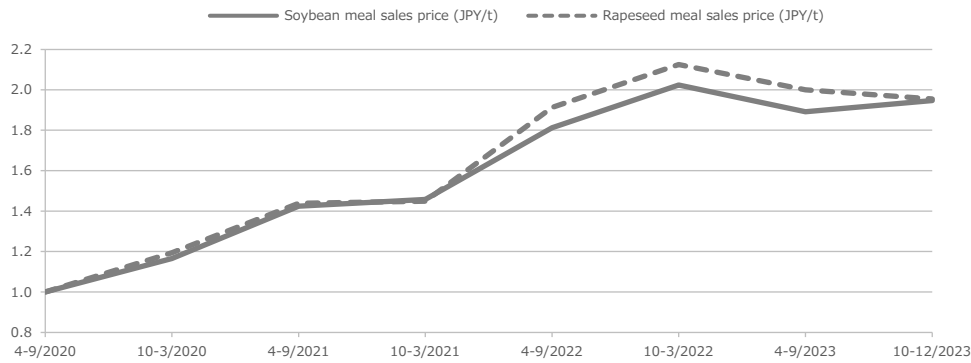


Source: The Nikkei

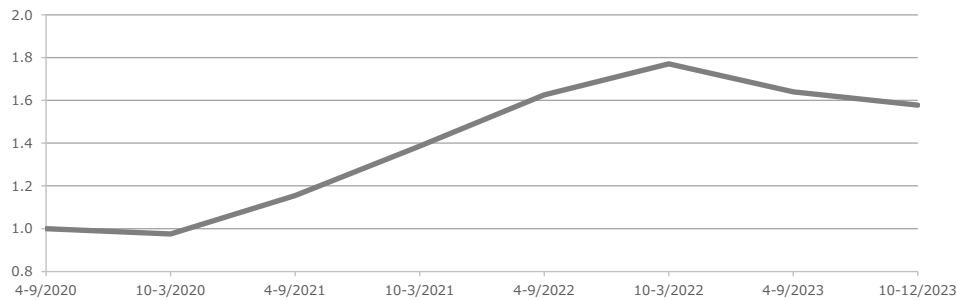
■ Raw Materials (Soybeans and Rapeseed)



■ Meal (Soybeans and Rapeseed)



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



Note: Indexed with April–September 2020 result set as 1.0
 Source: The Nisshin Oillio Group, Ltd.