

Strategies to Enhance Corporate Value

To chart the path to realizing Vision 2030, we launched *Value UpX*, a new medium-term business plan covering fiscal 2025 to fiscal 2028.

Following our distinctive “winning formula” of achieving and then building on Strategic Marketing × Technological Innovation × Globalization, we will promote strategies for our next stage of growth.



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Launch of New Medium-Term Business Plan Value UpX

Under *Value Up+*, our medium-term management plan covering fiscal 2021 to fiscal 2024, we achieved steady profit growth and established a foothold for further growth. In fiscal 2025, we launched our new medium-term business plan *Value UpX* as a specific growth strategy to build on what we achieved under *Value Up+* to realize The Nissin Oillio Group Vision 2030. We will aim for our next stage of growth through a virtuous cycle of growth based on ROIC management and our distinctive “winning formula” by achieving and then building on the combination of strategic marketing, technological innovation, and globalization.

□ p. 17 Distinctive Winning Formula of The Nissin Oillio Group

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Reflections on *Value Up+* Note: Numbers in brackets are fiscal 2024 targets

	Results	Key initiatives
Growth	B2C (Household-use in Japan) "Pour-and-enjoy" fresh edible oil market: ¥44.8 billion [¥50 billion]	<ul style="list-style-type: none"> Deployed market expansion measures, for example new product launches and PR activities for "pour-and-enjoy" fresh edible oil and flavored oil
	Volume composition ratio of structural reform strategy products for cooking oil*: 57% [60%]	<ul style="list-style-type: none"> Expanded sales mix of strategic products (<i>Nissin Healthy Off</i>, <i>Nissin Canola Oil NatuMade</i>, etc.) Released <i>Nissin Healthy Clear</i> with new value (oxidation control function)
B2B (Domestic commercial-use, food processing, processed oil and fat, fine chemical) (Compared with FY2019)	Number of the Group's product applications: 131% [130%]	<ul style="list-style-type: none"> Opened Incubation Square, an R&D base for promoting value co-creation with customers and product application
	Expansion of sales volume of confectionery fats: 104% [115%]	<ul style="list-style-type: none"> Decided on capital investment to increase production and improve quality control of confectionery fats at ISF (Malaysia)
Environment	Net sales growth of cosmetic oils: 167% [150%]	<ul style="list-style-type: none"> Captured post-pandemic recovery and growing demand for makeup products
	Reduction of Scope 1 and 2 CO ₂ emissions: 20.7% [20%]	<ul style="list-style-type: none"> Implemented reduction measures based on our roadmap for decarbonization (procurement of green electricity, non-fossil certificates, etc.)
Supply chain	Traceability to palm plantations: 92.9%	<ul style="list-style-type: none"> Promoted initiatives for sustainable procurement of palm oil, soybeans, and cacao based on action plans for each

* Functional products, healthy oils, etc., in the cooking oil category (excluding value-added oils)



	Key initiatives
Aggressive investment	<ul style="list-style-type: none"> Identified material HR issues and revised CSV goals in the area of HR management Started building a strategic HR portfolio and considering an HR strategy to realize the vision under <i>Value UpX</i>
Growth investments	<ul style="list-style-type: none"> In Japan, increased production capacity and promoted conversions of plants to smart factories. Also introduced next-generation refining equipment to facilitate creation of new value Globally, expanded production facilities for confectionery fats at ISF (Malaysia) and established a business location in North America
Efficiency	<ul style="list-style-type: none"> Promoted setting sales prices commensurate with rising raw material prices and social costs Established and began operating Oilseed Processing Partners Japan to integrate oilseed processing functions in western Japan Promoted sales of strategically held stocks and removal of nonperforming assets

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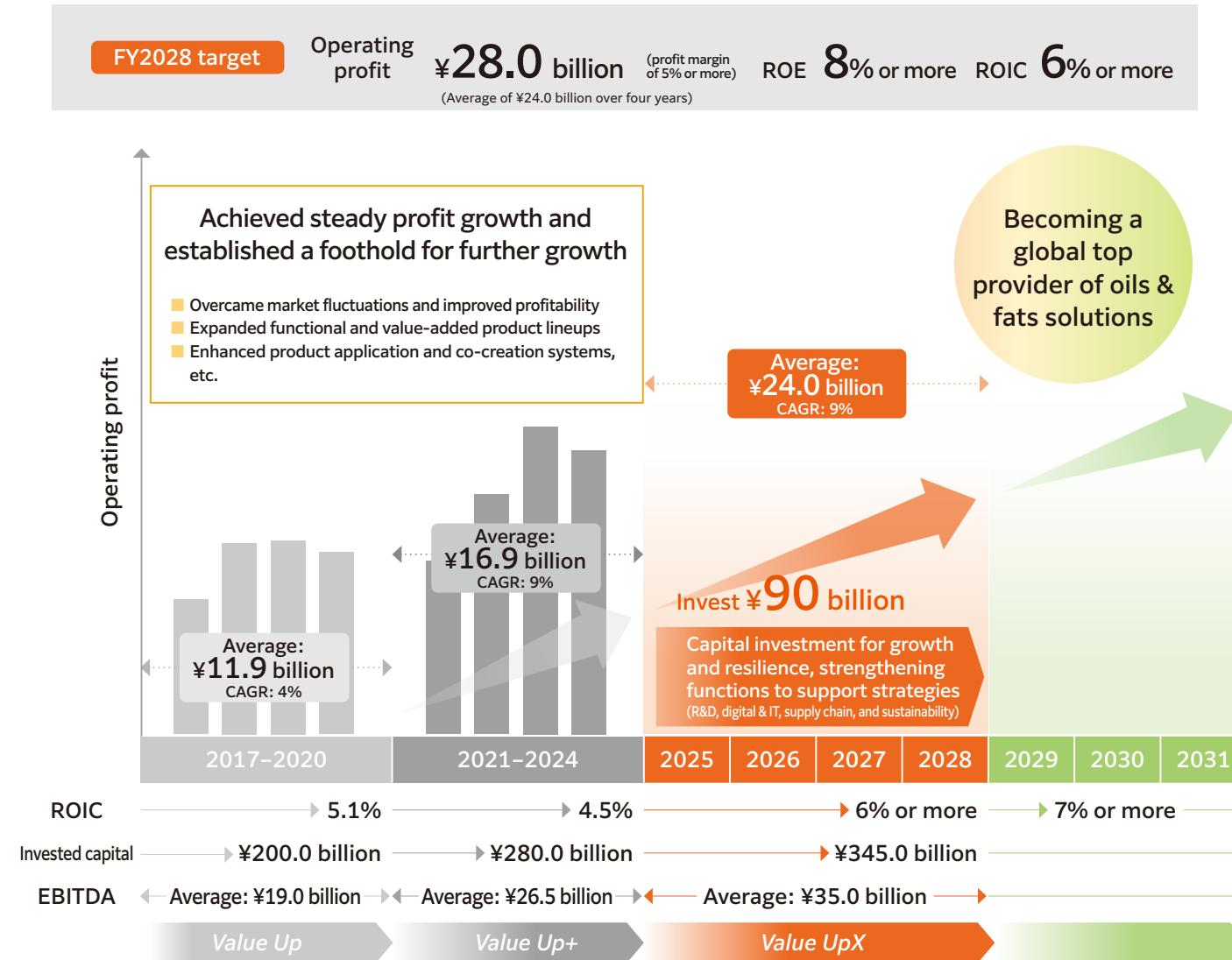
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Performance Targets

Under *Value UpX*, we are targeting an operating profit of ¥28 billion (profit margin of 5% or more) by fiscal 2028 and an average of ¥24 billion over the four years. We also plan to achieve an ROE of 8% or more and an ROIC of 6% or more.

To realize our vision, we will invest ¥90 billion in capital to grow and increase the resilience of our business and strengthen functions to support strategies (R&D, digital and IT, supply chain, and sustainability).

Furthermore, with our sights set on 2030, we will steadily promote initiatives for our next stage of growth—for example, steady improvement of profitability in the domestic oil and fat business, expanding our global market share of the processed oil and fat and fine chemical businesses, and developing and creating new markets in North America and other regions—to achieve an ROE of 10% or more and an ROIC of 7% or more.



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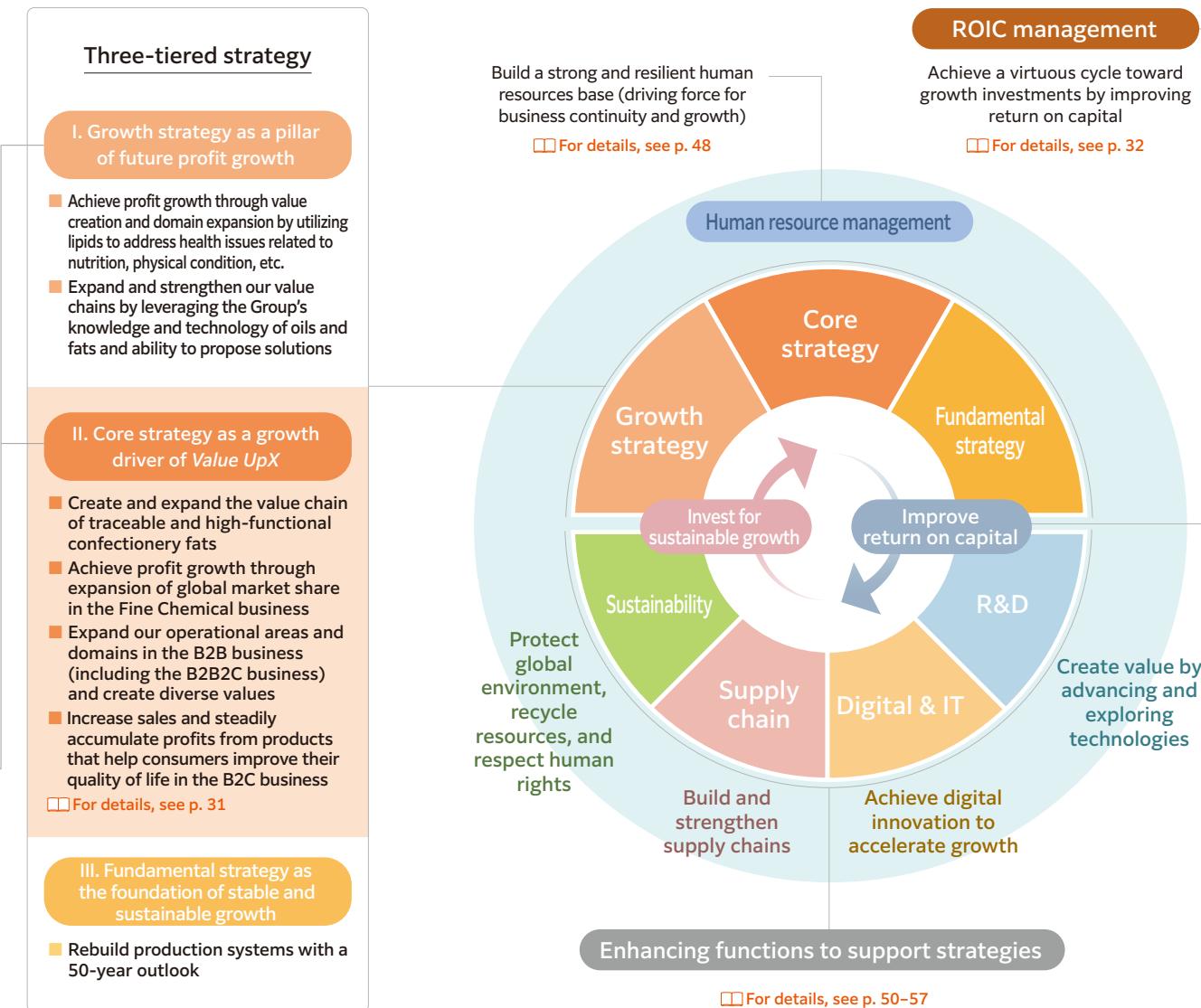
Of our six priorities for achieving Vision 2030, we have positioned Good health for all, Quality of life, and Contribution to the food value chain as growth-driving priorities, and will integrate them with *Value UpX* strategies in order to achieve growth.

Value UpX includes both Vision 2030 and our next stage of growth in its scope and splits our strategies thereunder into three tiers, sketching out a broad timeline and illustrating our intent to achieve uninterrupted growth.

We will also strengthen the four functions that support the implementation of our strategies (R&D, digital and IT, supply chain, and sustainability) and build a strong and resilient human resources base to enhance their effectiveness. Additionally, we will take steps to improve return on capital through ROIC management in order to create a virtuous cycle toward further growth investments.



For details, see p. 20



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Core Strategies

We aim to achieve further growth through initiatives in our growth-driving core strategies (maximize our ability to create oils & fats solutions and create value using lipid nutrition in B2B business).

Maximize our ability to create oils & fats solutions and expand our operational areas and domains



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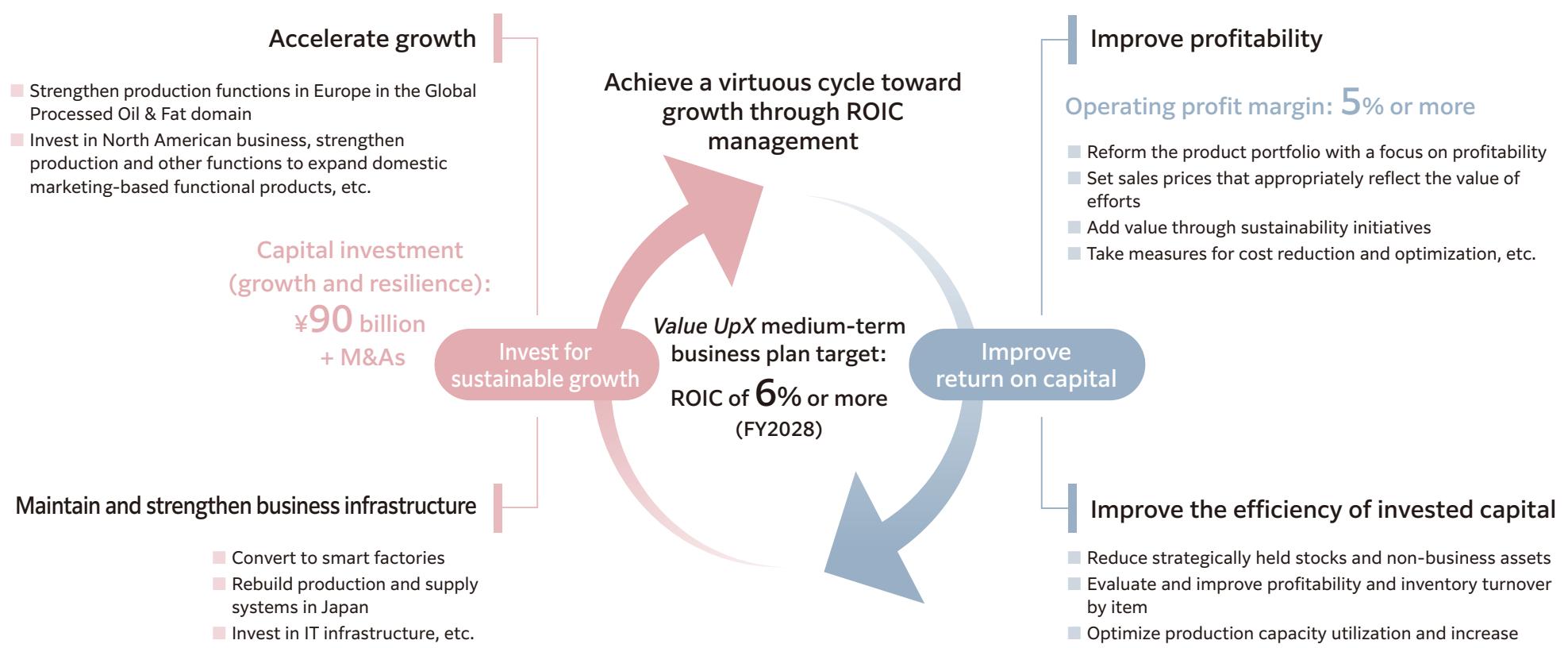
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Key points of our initiatives

- In terms of the positioning of business strategies in *Value UpX* and sustainable growth in the future, we will implement ROIC management in line with business strategy units as well as shareholder returns.
- We will conduct management based on the dual approach of business-specific ROIC management, in which each business strategy unit sets ROIC targets and manages strategic resource allocation, and indicator management, in which we set management indicators related to the main components of ROIC and link them to the formation of tasks for achieving ROIC targets.
- We will clarify issues for each business and incorporate them into specific measures and KPIs to steadily promote initiatives to improve profitability and efficiency of invested capital with the aim of achieving an operating profit margin of 5%.
- We will strive to further enhance shareholder returns while balancing growth investments, the level of our share price, and financial soundness. During *Value UpX*, we will pay a dividend of at least ¥180 per share, maintain a target consolidated dividend payout ratio of 40% (excluding one-time gains from selling assets and the like), and repurchase shares with a target of ¥20 billion.

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Message from the Director in Charge of Finance



My career and extensive experience at The Nisshin OilliO Group began early on in the Financial Department. In due course, I was given the opportunity to assume responsibility for raw material purchasing and sales and marketing of meal and other materials. I also served as the executive officer in charge of ISF, our 100% subsidiary in Malaysia. I was appointed to my current position in fiscal 2025 and am determined to vigorously pursue the financial targets of *Value UpX*.

ROIC management, the core of *Value UpX*

Aggressive investment to achieve growth through new value creation and ensure sustainability

To become a global top provider of oils & fats solutions by 2030, we must enhance our return on capital, generate capital with greater vigor, and apply the gains to further growth investments. Under *Value UpX*, we will efficiently generate funds by improving both operating profit margin and invested capital turnover so that we can invest more aggressively to achieve growth through new value creation and ensure sustainability. We aim to create a virtuous cycle in which the funds we generate are used to both return profits to shareholders and invest in further growth.

In fiscal 2025, we reclassified our business segments and started ROIC management by each segment with the aim of improving Company-wide return on capital. The new business segments correspond to the business phases and characteristics of the market. As an interim step toward achieving ROIC of 7% by fiscal 2030, we have set the goal of achieving ROIC of 6% or more by fiscal 2028. Going forward, we will gradually implement changes to our management accounting systems and processes to set management methods best suited to our Group.

Pursuing ROIC management distinct to The Nisshin OilliO Group

The Group has already implemented various measures to improve ROIC. They include forming high value-added products and appropriate sales prices, converting production plants in Japan into smart factories, reducing inventory through supply-chain management reforms, and making digital investments in supply-demand balancing and site relocation planning.

However, under the previous medium-term management plan, *Value Up+*, operating cash flow ended up at ¥31.6 billion (below the initial projection of ¥70 billion) due to inventory imbalances caused by the COVID-19 pandemic and the substantial increase in working capital caused by surging raw material prices. Under *Value UpX*, we will take steps to transform our sales and marketing style as well as production and logistics processes by shifting conventional thinking in pursuit of higher return on capital and a more resilient supply chain. Specifically, we anticipate improvements in accounts receivable collection, inventory efficiency, item optimization, and production equipment efficiency. To do so, it is crucial to clearly identify the gaps in achieving *Value UpX*'s performance targets while setting specific measures and KPIs, enabling each business segment to focus not only on the traditional P/L perspective but also on the B/S perspective. The Financial Department will provide targeted support for achieving the performance targets by regularly monitoring and analyzing the planning and implementation of measures for transformation in each business department. It will provide information that contributes to planning improvement measures and will work with the business departments to address the financial and accounting aspects necessary for transformation.

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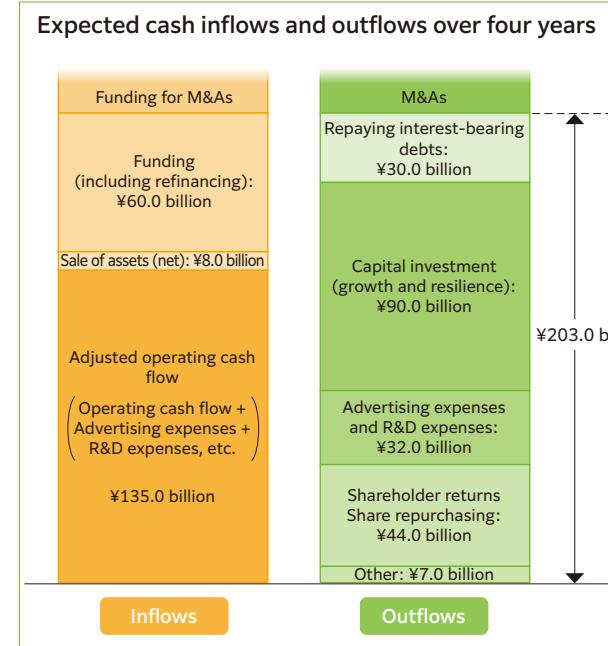
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Message from the Director in Charge of Finance

Inventory turnover is considered as one of the key metrics. Manufacturers fulfill an essential responsibility in providing a stable supply of products. The role of the Financial Department will be to give each department its own inventory targets to meet as part of this responsibility, identifying responsible departments and focus areas, and promoting specific inventory reduction measures to reduce working capital. We also intend to leverage digital technology to improve cash management optimization to minimize the required cash on hand, and establish a framework that enables us to execute group financing in a flexible and agile manner, given the

Financial strategies of *Value UpX*

widespread availability of funds.

I myself have always been keenly aware of the fundamental efficiency underlying ROIC in the departments I have managed and have conducted business operations accordingly. Examples of my duties include minimizing inventory predicated on stable supply, and planning and executing raw material procurement and oilseed processing plans that accommodate changes in demand for oils, fats, and meal. As a company that procures large volumes of raw materials on large ships, we have been taking steps on the front lines to more efficiently deliver raw materials to production plants and

more thoroughly manage supply and demand to avoid creating unnecessary inventory. To ensure an ROIC management mindset permeates the Company, we must raise the awareness of each and every employee by incorporating approaches that look beyond conventional wisdom.

Financial strategy under the new medium-term business plan

Approach to cash allocation

Under *Value UpX*, we intend to invest in growth through capital expenditures and M&As while properly returning the benefits of profit growth to our shareholders. We are planning for capital investments totaling ¥90 billion over the four years for the purpose of growth and resilience.



Aggressive investments for growth and for functions to support strategies

Growth investments

- Overseas: Enhance ISF Group functions in Europe
Create a value chain in North America
- Domestic: Expand palm oil supply capability
Transform production processes
Restructure production systems

Investments to enhance functions to support strategies

- R&D: ¥20.0 billion (+40% from previous medium-term management plan)
- Digital investment: ¥15.0 billion (+200% from previous medium-term management plan)
- Supply chain enhancement: ¥15.0 billion
- Sustainability enhancement: ¥10.0 billion

* Amounts include overlaps between growth investments and investments to enhance functions to support strategies

Shareholder return policy

- With a minimum dividend of ¥180 per share, reliably return profit growth to shareholders with a target consolidated dividend payout ratio of 40%
- Repurchase up to ¥20.0 billion of shares during *Value UpX*

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Given that the Global Oil & Fat and Processed Oil & Fat business is a core business domain for future profit growth, we plan to aggressively invest capital in areas expected to bring the highest returns. Specifically, we will invest in supply chain expansion in Europe, North America, and Asia.

Regarding the supply chain, we will not only focus on measures to directly increase sales and profits, but also consider and implement functional enhancements and additions necessary for strengthening resilience. We have identified key risk factors, including environmental changes involving the manufacture and supply of our products, such as inconsistent raw material crop yields associated with climate change and the impact of droughts and international conflicts on maritime logistics. To ameliorate these risks, we will continue to diversify and strengthen raw material procurement, manufacturing plants, and the like based on a global overview of the situation without necessarily limiting ourselves to actions involving capital expenditure.

Additionally, the Oil, Fat & Meal and Processed Food & Materials business will strengthen manufacturing facilities at our production plants in Japan to underpin the stable, sustainable growth of the Group. Although these investments include addressing obsolescence, we will go beyond investing in upgrades in an effort to build new production systems.

We will also invest in strengthening R&D, digital and IT, and sustainability to enhance functions that support our strategies.

We expect to return roughly ¥44 billion in total to shareholders over the four years, including cash dividends and repurchasing shares.

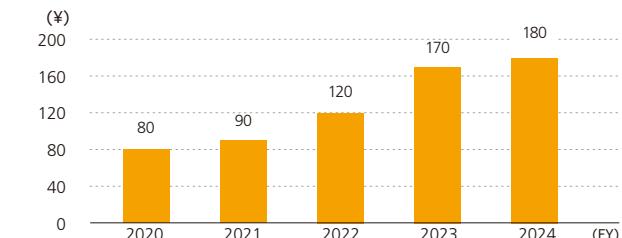
In terms of cash inflow, we plan to sell strategically held

stocks and inefficient assets to accompany cash flows from operating activities, resulting in a cumulative cash inflow of roughly ¥110 billion over the four years. For the part that cannot be covered by revenues, we plan to raise ¥60 billion (including refinancing). We will closely monitor market trends and scrutinize capital requirements, the timing of procurement, and the like in pursuit of efficient, responsive funding.

Shareholder returns

Shareholder returns are our utmost commitment. We must reliably return the benefits of our profit growth to our shareholders. We consider the consolidated dividend payout ratio to be a key indicator, and under *Value UpX*, we plan to pay dividends with a target ratio of 40% (excluding one-time gains from selling assets and the like). To enhance the stability of this proactive return of profits and improve return on capital, we have revised our shareholder return policy and established a new minimum annual dividend of ¥180 per share. We also plan to repurchase up to ¥20 billion worth of shares during *Value UpX*, with a maximum of ¥10 billion in fiscal 2025.

Annual dividend per share



Balance sheet indicators

Under *Value UpX*, we will retain our policy to pursue an optimal capital structure with an emphasis on improving

ROE while achieving a balance with financial soundness. We shall strive to maintain financial soundness by aiming for an equity ratio in the mid 40% range and a net D/E ratio of around 0.5x.

Due to revenue growth in fiscal 2023, which enabled the repayment of borrowings, the net D/E ratio at the end of fiscal 2024 stood at 0.39x. Under *Value UpX*, we plan to appropriately leverage this financing capacity while utilizing the available funds.

Strengths and significance of The Nissin Oillio Group

Aiming for dramatic growth globally with a business portfolio based on oils & fats

I feel that the Group's strength is its integrity. As a manufacturer, we are committed to the spirit of craftsmanship, pursuing quality, providing a stable supply of products to our customers, and fulfilling our responsibilities to our suppliers. Our greatest strength is the fact that these commitments are firmly rooted in the sense of mission felt by each and every one of our employees. The Group's business portfolio mainly comprises all aspects of vegetable oil & fat production—from crushing to refining and processing—but also includes chocolate, soy protein, and fine chemicals. In each of our businesses, we remain committed to contributing to healthy and fulfilling lifestyles. Although we expect to face increasing uncertainty ahead, I believe this business portfolio will allow us to respond flexibly and with strength. We are gradually expanding our business presence in Asia, Europe, and North America, and our efforts have borne fruit and positioned us to gain more footholds for further global expansion. For my part, I will expend every effort in financial management so that we can achieve dramatic growth in the future.

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